

January 2016

# JOURNAL OF INTELLECTUAL PROPERTY LAW

Collected Writings of Banner & Witcoff in 2015

**Copyright 2016 Banner & Witcoff, Ltd., subject to any previously granted rights. Further duplication is not permitted without permission. All rights reserved. These materials are designed to provide thought-provoking ideas and information on the subjects covered. These materials are not legal advice and should not be used as such. The ideas and information provided may not necessarily reflect the opinions of Banner & Witcoff, Ltd. or its lawyers, may not reflect current legal developments, and are not guaranteed to be correct, accurate, complete or up-to-date. Viewing or use of these materials does not create an attorney-client relationship between you and any lawyer of Banner & Witcoff, Ltd., and you should not act upon the information contained without legal advice. You are welcome to contact any author for further information or advice on the subject of his or her writings.**



Table of Contents

**Journal of Intellectual Property Law January 2016**  
*Collected Writings of Banner & Witcoff, Ltd. in 2015*

Banner & Witcoff Firm Profile.....	18
<b>COPYRIGHTS</b> .....	19
<b>DESIGN PATENTS</b> .....	44
<b>LITIGATION</b> .....	78
<b>PATENTS</b> .....	185
• <b>Counseling, Opinions &amp; Licensing</b>	
• <b>Post-Issuance Proceedings</b>	
• <b>Prosecution</b>	
<b>RIGHT OF PUBLICITY</b> .....	341
<b>TRADEMARKS</b> .....	354
<b>ADDITIONAL PUBLISHED WORKS</b> .....	383
<b>WEBINARS</b> .....	410
<b>MEDIA MENTIONS</b> .....	413
<b>ABOUT THE AUTHORS</b> .....	542

## **COPYRIGHTS**

<b>DMCA Takedowns Require Consideration of Fair Use</b> .....	20
Steve S. Chang <i>Banner &amp; Witcoff Intellectual Property Alert</i> (September 15, 2015)	
<b>Google Books Affirmed as Fair Use</b> .....	25
Steve S. Chang <i>Banner &amp; Witcoff Intellectual Property Alert</i> (October 19, 2015)	
<b>2015 DMCA Exemptions In Detail: When Is It OK to Technologically Circumvent Copyright Protections?</b> .....	30
Ernest V. Linek <i>JD Supra Perspectives</i> (November 3, 2015)	
<b>Copyright Office Focuses on Future with Strategic Plan</b> .....	37
Nigel Fontenot and Christopher Galfano <i>Banner &amp; Witcoff Intellectual Property Alert</i> (November 25, 2015)	



## **DESIGN PATENTS**

<b>The U.S. and Japan Join the Hague System</b> .....	45
Richard S. Stockton <i>Banner &amp; Witcoff Intellectual Property Alert</i> (May 13, 2015)	
<b><i>Apple v. Samsung</i>: The Federal Circuit Clarifies Design Patent Principles Law</b> .....	49
Robert S. Katz and Darrell G. Mottley <i>Banner &amp; Witcoff Intellectual Property Alert</i> (May 20, 2015)	
<b>Hague Weighed: Should I Change My Design Filing Strategy?</b> .....	53
Richard S. Stockton <i>Inside Counsel</i> (May 21, 2015)	
<b>The International Design Application: The Hague Agreement and U.S. Design Law</b> .....	58
Darrell G. Mottley and Christopher Dawson <i>Banner &amp; Witcoff IP Update</i> (May 29, 2015)	
<b>U.S. Design Patents and the Hague Agreement Concerning Industrial Designs</b> .....	64
Darrell G. Mottley <i>Thomson Reuters Practical Law</i> (October 29, 2015)	
<b>Infringements in the Modern World – The Unsavory Side of 3D Printing and Digital Replicas</b> .....	71
Robert S. Katz <i>Design Management Review</i> (November 25, 2015)	

## **LITIGATION**

<b>Supreme Court Overturns <i>De Novo</i> Review of Patent Claim Construction</b> .....	79
Shawn P. Gorman and R. Gregory Israelsen <i>Banner &amp; Witcoff Intellectual Property Alert</i> (January 22, 2015)	
<b>Federal Circuit Considers Whether ITC Can Properly Exclude Imported Products That Only Infringe After Importation</b> .....	84
Erin E. Bryan <i>Banner &amp; Witcoff Intellectual Property Alert</i> (February 17, 2015)	
<b>TTAB Appeal at USDC – Win or Lose – You Pay the USPTO Costs</b> .....	88
Ernest V. Linek <i>Banner &amp; Witcoff Intellectual Property Alert</i> (April 29, 2015)	
<b>The Supreme Court’s Impact on IP Rights in 2015</b> .....	92
Jordan N. Bodner and Camille Sauer <i>Banner &amp; Witcoff IP Update</i> (May 29, 2015)	
<b>Federal Circuit Holds Claims Indefinite Based on Prosecution History in <i>Teva Pharmaceuticals USA v. Sandoz, Inc.</i></b> .....	97
R. Gregory Israelsen and Shawn P. Gorman <i>Banner &amp; Witcoff Intellectual Property Alert</i> (July 1, 2015)	
<b><i>Suprema, Inc. v. ITC</i>: ITC Can Exclude, Under Inducement Theory, Imported Products That Only Infringe After Importation</b> .....	102
Jeffrey H. Chang <i>Banner &amp; Witcoff Intellectual Property Alert</i> (August 13, 2015)	
<b>The Import of Electronic Data: Federal Circuit Appears Unlikely to Affirm Commission’s Jurisdiction Over Digital “Articles”</b> .....	105
Aaron Bowling <i>Banner &amp; Witcoff Intellectual Property Alert</i> (August 13, 2015)	
<b>Laches Remains a Defense to Legal Relief in Patent Infringement Suits</b> .....	108
Ernest V. Linek <i>Banner &amp; Witcoff Intellectual Property Alert</i> (September 21, 2015)	
<b>2015 Patent Developments for IT Practitioners</b> .....	112
Bradley C. Wright <i>Presented to The Virginia Information Technology Legal Institute</i> (October 9, 2015)	
<b>Federal Circuit Limits ITC Jurisdiction to “Material Things”</b> .....	142
Benjamin M. Koopferstock <i>Banner &amp; Witcoff Intellectual Property Alert</i> (November 12, 2015)	

**Revised Federal Rules of Civil Procedure Abrogate Rule 84 and Eliminate Appendix of Forms.....146**

Saranya Raghavan

*Banner & Witcoff Intellectual Property Alert* (December 8, 2015)

**Heightened Patent Pleading Standard, Discovery Proportionality, and Other Recent Amendments to the Federal Rules of Civil Procedure.....149**

Jeffrey H. Chang

*Banner & Witcoff Intellectual Property Alert* (December 15, 2015)

**2015 Recent Developments in Patent Law – Case Law.....154**

Bradley C. Wright

*Presented at The D.C. Bar* (December 15, 2015)

## **PATENTS**

### **Counseling, Opinions & Licensing**

**Supreme Court Affirms *Brulotte*, “Green-Lights” Collecting Patent Royalties After Patents Expire**.....187

Charles W. Shifley

*Banner & Witcoff Intellectual Property Alert* (June 23, 2015)

**Maximizing the Financial Value of IP Assets**.....190

Azuka C. Dike

*Banner & Witcoff IP Update* (October 15, 2015)

**How Due Diligence Analysis Drives a Negotiation**.....194

John M. Fleming

*Today’s General Counsel* (December 15, 2015)

### **Post-Issuance Proceedings**

**Federal Circuit IPR Scoreboard: PTAB: 2; Patent Owner: 0**.....198

Katie L. Becker

*Banner & Witcoff PTAB Highlights* (February 13, 2015)

**Who You Gonna Call? The Board!**.....202

H. Wayne Porter

*Banner & Witcoff PTAB Highlights* (February 23, 2015)

**A Slip of the Pen May Cost You Your IPR**.....206

Charles W. Shifley

*Banner & Witcoff PTAB Highlights* (February 26, 2015)

**The Role of Post-Grant Reviews in Patent Challenges Before the PTAB**.....209

H. Wayne Porter

*Landslide* (March 1, 2015)

**POSITA Motivated to Pursue Clinical Development of Therapy Disclosed in Prior Art Despite Potential Safety and Efficacy Hurdles**.....222

Robert H. Resis

*Banner & Witcoff PTAB Highlights* (March 6, 2015)

**Use Wayback Machine with Caution: PTAB Excludes Website Printouts from Wayback Machine**.....225

Craig W. Kronenthal

*Banner & Witcoff PTAB Highlights* (March 26, 2015)

<b>Benefits of Showing Discovery as “Routine” Instead of “Additional”</b> .....	228
H. Wayne Porter	
<i>Banner &amp; Witcoff PTAB Highlights</i> (April 14, 2015)	
<b>First IPR Design Patent Decision Affirmed by Federal Circuit</b> .....	232
J. Pieter van Es	
<i>Banner &amp; Witcoff PTAB Highlights</i> (April 15, 2015)	
<b>A Slip of the Pen May Cost You Your IPR</b> .....	234
Charles W. Shifley	
<i>IP Litigator</i> (April 21, 2015)	
<b>No More Soup for You – PTAB Rejects Second IPR Petition Under 35 U.S.C. § 325(d)</b> ..	237
Robert H. Resis	
<i>Banner &amp; Witcoff PTAB Highlights</i> (May 6, 2015)	
<b>Challenging and Defending Obviousness at the PTAB</b> .....	241
Bradley J. Van Pelt and Brittany M. Martinez	
<i>Banner &amp; Witcoff IP Update</i> (May 29, 2015)	
<b>Strategies in <i>Inter Partes</i> Review Proceedings for Biotech/Pharma Patents</b> .....	246
Robert H. Resis	
<i>Banner &amp; Witcoff IP Update</i> (May 29, 2015)	
<b>Preparing for the Obvious at the PTAB</b> .....	251
Bradley J. Van Pelt and Brittany M. Martinez	
<i>Law360 Expert Analysis</i> (June 30, 2015)	
<b>PTAB Puts the Brakes on Applying the Same Element in a Reference to 2 Elements in a Claim</b> .....	261
Craig W. Kronenthal	
<i>Banner &amp; Witcoff PTAB Highlights</i> (August 13, 2015)	
<b>USPTO Issues Second Round of AIA Rule Changes</b> .....	264
Camille Sauer	
<i>Banner &amp; Witcoff Intellectual Property Alert</i> (September 8, 2015)	
<b>Carefully Consider Corporate Relationships When Determining Real Parties-In-Interest</b> .....	269
H. Wayne Porter	
<i>Banner &amp; Witcoff PTAB Highlights</i> (October 2, 2015)	
<b>Which is Better – Patent Arbitration or Patent Post-Issuance Proceedings?</b> .....	273
Charles W. Shifley	
<i>Banner &amp; Witcoff IP Update</i> (October 15, 2015)	

<b>Eight Days Late, and an Exercise of Discretion Short – PTAB Refuses to Conform to an IPR Settlement</b> .....	277
Charles W. Shifley <i>Banner &amp; Witcoff PTAB Highlights</i> (October 26, 2015)	
<b>The Rules of the Post-Grant Game</b> .....	281
Michael S. CuvIELLO and Adam J. College <i>World Intellectual Property Review</i> (November 5, 2015)	
<b>PTAB Holds Claims Invalid That Were Held to be Not Invalid in Litigation Appeal</b> .....	287
Robert H. Resis <i>Banner &amp; Witcoff PTAB Highlights</i> (November 17, 2015)	
<b>Which is Better – Patent Arbitration or Patent Post-Issuance Proceedings?</b> .....	291
Charles W. Shifley <i>IP Litigator</i> (December 15, 2015)	
<b><u>Prosecution</u></b>	
<b>Patenting Strategies in the Biodiesel Industry</b> .....	296
Benjamin C. Spehlmann <i>Biodiesel Magazine</i> (January 6, 2015)	
<b><i>Akamai v. Limelight</i>: Federal Circuit Limits Direct Infringement of Method Claims</b> .....	299
Jeffrey H. Chang <i>Banner &amp; Witcoff Intellectual Property Alert</i> (May 22, 2015)	
<b>USPTO Announces Expedited Patent Appeal Pilot Program</b> .....	302
Paul M. Rivard <i>Banner &amp; Witcoff Intellectual Property Alert</i> (June 16, 2015)	
<b>The USPTO Announces Additional Guidelines for Determining Subject Matter Eligibility Under 35 U.S.C. § 101</b> .....	304
Brian J. Emfinger <i>Banner &amp; Witcoff Intellectual Property Alert</i> (August 13, 2015)	
<b><i>Akamai v. Limelight</i>: Federal Circuit Finds Direct Infringement of Method Claims Where Steps Performed by or Attributable to Single Entity</b> .....	311
Jeffrey H. Chang <i>Banner &amp; Witcoff Intellectual Property Alert</i> (August 18, 2015)	
<b>Rebutting 101 Rejections Asserting ‘Idea of Itself’: Part 1</b> .....	314
Brian J. Emfinger <i>Law360 Expert Analysis</i> (October 2, 2015)	

<b>Rebutting 101 Rejections Asserting ‘Idea of Itself’: Part 2</b> .....	321
Brian J. Emfinger <i>Law360 Expert Analysis</i> (October 5, 2015)	
<b>Rebutting 101 Rejections Asserting ‘Idea of Itself’: Part 3</b> .....	327
Brian J. Emfinger <i>Law360 Expert Analysis</i> (October 6, 2015)	
<b>Certain Uncertainty: The Future of Computer Software Patents</b> .....	333
Rajit Kapur, Binal J. Patel and William E. Wooten <i>Banner &amp; Witcoff IP Update</i> (October 15, 2015)	
<b>Federal Circuit Hears Oral Arguments in <i>McRO v. Namco Bandai</i>: Will Patent-Eligibility of Computer Software Survive?</b> .....	337
Ross A. Dannenberg <i>Banner &amp; Witcoff Intellectual Property Alert</i> (December 15, 2015)	

**RIGHT OF PUBLICITY**

**Face Value: Where's My NCAA Football Game?.....342**

Steve S. Chang

*Landslide* (March 1, 2015)



## **TRADEMARKS**

<b>The Supreme Court Points Courts to Juries on Issue of Trademark Tacking</b> .....	355
Anna L. King <i>Banner &amp; Witcoff Intellectual Property Alert</i> (February 2, 2015)	
<b>Supreme Court Hears Oral Arguments in <i>B&amp;B Hardware, Inc. v. Hargis Industries, Inc.</i></b> .....	359
R. Gregory Israelsen <i>IP Litigator</i> (February 3, 2015)	
<b>Supreme Court Marks TTAB Decisions as Having Preclusive Effect</b> .....	364
R. Gregory Israelsen <i>Banner &amp; Witcoff Intellectual Property Alert</i> (March 31, 2015)	
<b>Federal District Court Affirms Cancellation of “REDSKINS” Marks on Summary Judgment and Holds that First Amendment Does Not Control</b> .....	368
Maurine L. Knutsson <i>Banner &amp; Witcoff Intellectual Property Alert</i> (July 14, 2015)	
<b>The Importance of a Trademark Registration in a Global Economy</b> .....	373
Maurine L. Knutsson <i>Banner &amp; Witcoff IP Update</i> (October 15, 2015)	
<b><i>Tam</i> Trademark Victory May Provide Game Plan for Washington Redskins</b> .....	378
R. Gregory Israelsen <i>Banner &amp; Witcoff Intellectual Property Alert</i> (December 28, 2015)	

## **ADDITIONAL PUBLISHED WORKS**

### **Books**

**Patent Claim Construction in the Federal Circuit, 2015 Edition**.....384

Robert H. Resis (Contributing Author)

*Intellectual Property Law Association of Chicago/Thomson Reuters* (April 2015)

**Phytotherapies: Efficacy, Safety, and Regulation**.....393

Ernest V. Linek (Chapter 24 Author)

*Wiley* (May 2015)

### **Letters**

**Comments in Response to USPTO's Request for Comments on Enhancing Patent Quality,  
Fed. Reg. Vol. 80, No. 24 (February 5, 2015)**.....407

Robert S. Katz and Darrell G. Mottley

*Delivered to U.S. Patent and Trademark Office* (May 6, 2015)

**WEBINARS**

**Safeguarding GUIs: Best Practices Using Multiple Layers of IP, Including Design Patents, Utility Patents, Copyright and Trade Dress.....411**

Robert S. Katz

*IPO Chat Channel* (April 29, 2015)

## **MEDIA MENTIONS**

*Banner & Witcoff attorneys are frequently quoted in national and trade publications. The following is a representative list of the publications in which we were featured in 2015.*

### **Automotive News**

- “Patent ‘Trolls’ Target Automakers, and Ford Pushes Back,” Robert H. Resis, February 11, 2015

### **Bloomberg**

- “Patent Damages at Issue as U.S. High Court Accepts Stryker Case,” Bradley C. Wright, October 19, 2015
- “Water Flavorings Lawsuit May Mean End of Gravy Train in Texas,” Bradley C. Wright, October 27, 2015

### **Chicago Daily Law Bulletin**

- “An International One-Stop Shop for Design Patents,” Richard S. Stockton, May 21, 2015

### **Chicago Lawyer**

- “Patently Dangerous: Rise of the ‘Death Squad,’” Charles W. Shifley, August 1, 2015

### **Daily Journal**

- “Cybersquatting Case Slated for Trial Tuesday,” Richard S. Stockton, August 3, 2015

### **Inside Counsel**

- “Shields, Swords and Sandboxes: Offensive and Defensive Patents Lead to Robust Portfolios,” John M. Fleming, April 29, 2015

### **Law360**

- “Lawyers Weigh in on High Court Trademark Tacking Ruling,” Ross A. Dannenberg, January 21, 2015
- “Attorneys React to Supreme Court’s TTAB Preclusion Ruling,” Helen Hill Minsker, March 24, 2015
- “5 Recent Fed. Circ. Rulings IP Attys Need to Know,” Charles W. Shifley, April 17, 2015
- “Worldwide Design Patent System Can Trip Up the Unwary,” Robert S. Katz, May 14, 2015
- “Attorneys React to Supreme Court Patent Royalties Case,” Charles W. Shifley, June 22, 2015

- “Limelight Case Widens Scope of Direct Infringement,” H. Wayne Porter, August 13, 2015
- “PTAB Says Rehashed Args. Sink Pipe Rehab Patent Reviews,” Christopher L. McKee, August 27, 2015
- “7 Recent Fed. Circ. Rulings IP Attys Need to Know,” Bradley C. Wright, October 19, 2015
- “5 Times to Consider Filing for Design Patents,” Richard S. Stockton, October 20, 2015
- “Wave of USPTO Alice Rejections Has Cos. Tweaking Strategies,” Brian Emfinger, November 2, 2015
- “Patent Cases to Watch in 2016,” John P. Iwanicki, December 24, 2015

### **Managing Intellectual Property**

- “The Calm After the U.S. Patent Litigation Storm,” Saranya Raghavan, December 16, 2015

### **Washington Post**

- “Patent Damages at Issue as U.S. High Court Accepts Stryker Case,” Bradley C. Wright, October 19, 2015

### **World Intellectual Property Review**

- “U.S. State of Georgia Sues Activist for Republishing Annotated Laws,” Ross A. Dannenberg, July 27, 2015
- “USPTO Calls for Feedback on PTAB Judge Pilot Programme,” Michael S. Cuvillo, August 27, 2015



*What inspires me?  
A fresh perspective.*



**BANNER & WITCOFF, LTD.**  
INTELLECTUAL PROPERTY LAW

## Intellectual Property Law: Counseling, Licensing, Litigation & Procurement.

A national law firm with more than 90 attorneys and 90 years of practice, Banner & Witcoff provides legal counsel and representation to the world's most innovative companies. Our attorneys are known for having the breadth of experience and insight needed to handle complex patent applications as well as handle and resolve difficult disputes and business challenges for clients across all industries and geographic boundaries.

**LITIGATION**—The firm is a preferred litigation provider for Fortune 500 companies, midlevel companies, and technology-focused start-ups. The key to the firm's successful litigation practice is our ability to match an exceptional trial capability with a common sense approach to litigation, and we are committed to understanding how our clients will measure success because each matter is different. We take pride in tailoring litigation strategies to fit our clients' interests and goals, taking into account the legal framework, facts, and business realities of each case in a broad variety of substantive and technological areas. Our attorneys try cases before judges and juries in both federal and state courts around the country, at the appellate levels, and before the ITC and the USPTO. The firm has successfully represented clients in landmark cases, including several renowned intellectual property decisions including *Tasini v. The New York Times*, *Deepsouth Packing Co. v. Laitram Corp.*, and *Diamond v. Chakrabarty*.

**TRADEMARKS**—With our clients, our attorneys evaluate trademark use and registrability issues. We obtain trademark registrations efficiently and effectively for domestic and international clients. We devise overarching brand- and product-oriented trademark strategies, both offensive and defensive for our clients as well as licensing and assigning trademarks to and from our clients. We manage and maintain large and complex trademark portfolios for global corporations, and we enforce and defend against trademark infringement allegations both domestically and internationally, including through oppositions, cancellations, court litigation, and Customs procedures.

At Banner & Witcoff we believe that people with diverse experiences produce creative thinking, multiple perspectives on issues, and innovative problem-solving techniques in the practice of intellectual property law. That is why we are committed to creating and fostering a firm culture that values the differences among its attorneys, legal professionals, and support staff. As part of our commitment to diversity, Banner & Witcoff proudly offers the Donald W. Banner Diversity Scholarship for law students. Visit [www.bannerwitcoff.com/diversity](http://www.bannerwitcoff.com/diversity) for more information.

**PATENTS**—Preparation and prosecution of patent applications, both in the U.S. and abroad, was the historical basis for the firm's practice at its founding in the 1920's, and has been significant in our client services ever since. Prosecution, licensing, counseling and opinion remain as important core services of the firm. We work with our clients to develop, manage and protect their strategic portfolios from the initial assessment through enforcement. Our experience includes all patent practice areas of law including: patent application filing and prosecution; appeals; interferences; and, reexaminations and reissue.

**COPYRIGHTS**—Our attorneys enforce rights through negotiation, arbitration and litigation. We establish programs for large quantities of copyright registrations, draft license agreements for authors and publishers, and provide counseling and opinions regarding everything from copyright of software to recipes and from architecture to literary works. The firm has also successfully implemented nationwide enforcement programs to stop importation of "knock-offs" of copyrighted goods. We have provided clearance opinions to website operators for copyrighted material including literary and artistic works; investigated and provided opinions regarding metatag infringement; and negotiated copyright licenses for on-line electronic media.

### INDUSTRY EXPERIENCE

- Aerospace
- Athletic Equipment & Apparel
- Automotive & Transport
- Chemicals
- Computer Hardware & Software
- E-Commerce
- Electronics
- Energy
- Food & Beverages
- Financial Services
- Gaming
- Health Care
- Higher Education
- Industrial Manufacturing & Design
- Insurance
- Life Sciences
- Medical Devices & Methods
- Metals & Mining
- Telecommunications

**COPYRIGHTS**



**DMCA Takedowns Require  
Consideration of Fair Use**

**Steve S. Chang**

***Banner & Witcoff Intellectual  
Property Alert***

***September 15, 2015***





## Intellectual Property Alert: DMCA Takedowns Require Consideration of Fair Use

By **Steve S. Chang**

September 15, 2015 — The U.S. Court of Appeals for the Ninth Circuit has held that copyright holders must at least consider fair use before issuing a takedown notice under the Digital Millennium Copyright Act (DMCA). The decision, in *Lenz v. Universal Music Corp. et al.*<sup>1</sup>, is the first to address this issue, and will help shape the future administration of copyright protections in the digital age.

### Background

The DMCA, codified at 17 U.S.C. 512, provides online service providers with some protection against copyright infringement liability. In particular, when an online service provider, such as YouTube, allows users to upload content for other users to download and see, there is a risk that some users will upload copyrighted materials without the authorization of the copyright owner. In that situation, when the service provider reproduces that content for other users to see, the service provider risks infringing the copyright owner's rights. The DMCA protects this service provider from copyright liability if the service provider acts expeditiously to remove the copyrighted material once the service provider has received notice, a.k.a. a "takedown notice," of a claim of infringement<sup>2</sup>.

The person supplying that notice must satisfy certain conditions, and certify that they have a "good faith belief that the use of the material in the manner complained of is not authorized by the copyright owner, its agent, or the law."<sup>3</sup> The DMCA also has some measures to prevent abuse, providing for damages if a person "knowingly materially misrepresents ... that the material or activity is infringing."<sup>4</sup>

In *Lenz*, Stephanie Lenz uploaded to YouTube a 29-second home video of her children dancing to the song "Let's Go Crazy" by Prince<sup>5</sup>. She titled the video "Let's Go Crazy' #1," and in the

---

<sup>1</sup> No. 13-16106 and 13-16107 (September 14, 2015)

<sup>2</sup> 17 U.S.C. 512(c)(1)(C)

<sup>3</sup> 17 U.S.C. 512(c)(3)(A)(v)

<sup>4</sup> 17 U.S.C. 512(f)(1)

<sup>5</sup> No. 13-16106 and 13-16107, p. 5.

video, she asks her 13-month-old son what he thought of the music, eliciting a bobbing-up-and-down response<sup>6</sup>.

At that time, Universal was responsible for enforcing Prince's copyrights, and had assigned a legal department assistant to monitor YouTube on a daily basis. The assistant would search for Prince's songs on YouTube, and evaluate whether any of the videos "embodied a Prince composition" by making "significant use of ... the composition, specifically if the song was recognizable, was in a significant portion of the video or was the focus of the video."<sup>7</sup> If a video met such criteria, then the assistant would send a takedown notice to YouTube. The assistant noted that videos would not meet the criteria if, for example, the videos only used a very small portion of the Prince song (e.g., less than a second, or a line), or if the song was distorted in the video due to a noisy environment or being deep in the background<sup>8</sup>.

Notably for this case, the assistant's criteria did not explicitly include consideration of the Fair Use Doctrine. The Fair Use Doctrine, codified in 17 U.S.C. 107, generally states that certain types of reproductions of copyright works for criticism, comment, news reporting, teaching, scholarship, or research are not infringements of copyright, and sets forth four factors in particular to be considered when determining whether a particular use is a fair use. The factors are:

- 1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- 2) the nature of the copyrighted work;
- 3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- 4) the effect of the use upon the potential market for or value of the copyrighted work<sup>9</sup>.

Universal sent a takedown notice to YouTube, resulting in the removal of the video, and Lenz sued Universal alleging, *inter alia*, that Universal had misrepresented the infringement in violation of 17 U.S.C. 512(f). The district court denied her summary judgment motion on that claim, and an interlocutory appeal to the Ninth Circuit was filed on this issue.

## **The Arguments and Analysis**

The core disagreement between the parties was whether fair use is "authorized by the law" within the meaning of the Section 512(c) good faith statement. Universal contended that fair use

---

<sup>6</sup> No. 13-16106 and 13-16107, p. 5.

<sup>7</sup> No. 13-16106 and 13-16107, p. 6.

<sup>8</sup> No. 13-16106 and 13-16107, p. 6.

<sup>9</sup> 17 U.S.C. 107(1)-(4).

was not a use authorized by the law, but was rather an affirmative defense that would excuse otherwise impermissible conduct. Under that reasoning, a good faith statement could be made without considering fair use<sup>10</sup>.

The Ninth Circuit, however, did not agree. First, the court noted that the Copyright Act itself relied on fair use to define what is, or is not, an infringement at all, thereby defining uses that are not infringing. The Act, at 17 U.S.C. 107, states that "... the fair use of a copyrighted work ... is not an infringement of copyright." From this, the court concluded that "[t]he statute explains that the fair use of a copyrighted work is permissible because it is a non-infringing use."<sup>11</sup> By defining a use as a non-infringing use, it defines an authorized use.

Having determined that fair use is an expressly authorized use in the Copyright Act, the court went on to say that labeling fair use as an "affirmative defense" would be a misnomer. The court also cited several prior Ninth Circuit decisions that also found fair use to be distinct from traditional affirmative defenses<sup>12</sup>.

To further support its conclusion, the court noted that Universal conceded that it must give consideration to other uses authorized by the law, such as the compulsory licenses authorized in Section 112<sup>13</sup>. The court compared the statutory language for compulsory licenses with the fair use language<sup>14</sup>, and noted that both sections phrase their requirements as setting forth what "is not an infringement of copyright." The court did not see a reason to treat compulsory licenses and fair uses differently in this regard.

Having concluded that fair use is indeed a use "authorized by the law," the court then went on to discuss whether Lenz's summary judgment motion should have been granted. The court began by noting that the good faith requirement is a subjective requirement, not an objective one<sup>15</sup>. Although Lenz presented evidence that Universal did not consider fair use at all, Universal presented evidence of the criteria that its legal assistant used in deciding to issue the takedown notice, and the court concluded that it must be up to a jury to determine whether the criteria used by the Universal legal department assistant were tantamount to a good faith determination, and whether they were sufficient to form a good faith belief about fair use.

The court affirmed the denial of Lenz's summary judgment motion, but before doing so, the court was careful to reiterate its holding about the law, and to offer some guidance on determining whether the good faith requirement had been met. The court noted that the good

---

<sup>10</sup> No. 13-16106 and 13-16107, p. 13.

<sup>11</sup> No. 13-16106 and 13-16107, p. 12.

<sup>12</sup> No. 13-16106 and 13-16107, p. 14.

<sup>13</sup> 17 U.S.C. 112, generally covering compulsory licenses for certain uses otherwise authorized in the Copyright Act

<sup>14</sup> No. 13-16106 and 13-16107, p. 14.

<sup>15</sup> No. 13-16106 and 13-16107, pp. 15-17.

faith belief need only be subjective, but the copyright holder must do more than simply pay “lip service” to the consideration<sup>16</sup>.

The court acknowledged the “pressing crush of voluminous infringing content that copyright holders face in a digital age,” and stated that “a subjective good faith belief does not require investigation of the allegedly infringing content.<sup>17</sup>” The court suggested that the consideration of fair use need not be complicated. The court noted, without passing judgment, that computer algorithms could be a valid approach to “processing a plethora of content while still meeting the DMCA’s requirements to somehow consider fair use.<sup>18</sup>”

## Conclusion and Takeaways

The takeaways here are simple. Before issuing a DMCA takedown notice, you must at least consider, in some way, whether the allegedly infringing use might qualify as a fair use. Your consideration must be enough to form a subjective good faith belief that the allegedly infringing use is not a fair use. The consideration need not be a full-blown investigation, but it should be enough to be considered reasonable under your circumstances.

Please click [here](#) to read the decision.

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com).



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.

---

<sup>16</sup> No. 13-16106 and 13-16107, pp. 17-20.

<sup>17</sup> No. 13-16106 and 13-16107, p. 18.

<sup>18</sup> No. 13-16106 and 13-16107, p. 19.



**Google Books Affirmed as Fair Use**

**Steve S. Chang**

***Banner & Witcoff Intellectual  
Property Alert***

***October 19, 2015***



## Intellectual Property Alert: Google Books Affirmed as Fair Use

By [Steve S. Chang](#)

October 19, 2015 — The Court of Appeals for the Second Circuit has affirmed a lower court’s finding that the Google Books project constitutes fair use, and is not an infringement of the copyrights in the millions of books contained in the project. The case is *The Authors Guild et al. v. Google, Inc.*, No. 13-4829 (2<sup>nd</sup> Cir. Oct. 16, 2015), and the discussion below provides the highlights of the issues and analysis involved in reaching this decision.

### What’s Google Books?

Google Books is an Internet tool that lets users conduct keyword searches through tens of millions of books to find particular passages of interest. The resulting passages are displayed in “snippets” of text, which for a typical book may entail three lines of text containing the keyword. The search results may also identify libraries where the book can be found, and can provide links to merchants from whom the book may be purchased. *Id.*, pp. 6-7.

As part of developing the Google Book service, Google implemented a Library Project, by which it reached agreement with various libraries to allow Google to digitally scan the libraries’ books for inclusion in the Google Book service. In return, the libraries were entitled to download digital copies of the books that the libraries submitted to Google (but not books from other libraries).

### What’s the Issue?

The plaintiffs in the case represent various authors and publishers who claim that Google Books (and the Library Project) is an unauthorized infringement of their copyrights. Following a trial in 2013, the U.S. District Court for the Southern District of New York ruled that Google Books constituted a fair use, and was not copyright infringement.

Plaintiffs challenged this finding on appeal to the Second Circuit. In particular, the plaintiffs argued that: 1) Google Books was not a fair use; 2) Google Books infringes their derivative rights in the books; 3) Google’s storage of the digital copies of the books exposes plaintiffs to a risk that hackers will make their books available for free on the Internet; and 4) Google’s distribution of digital copies to participant libraries is not a transformative use, risks loss of copyright revenues, and accordingly is also not a fair use.

## What Happened on Appeal?

In a nutshell, the Second Circuit affirmed the lower court's decision, and found that Google's use was a fair use.

The Second Circuit began by noting that the purpose of copyright is to expand knowledge by incentivizing independent creation of expression, and that from the birth of copyright protection in England, courts recognized that giving authors *absolute* control over all copying of their works could, in some circumstances, work to *limit*, rather than expand, public knowledge. *Id.*, p. 13. Some degree of copying can help expand public knowledge, and this type of use gave rise to the fair use defense, now codified at 17 U.S.C. 107. Section 107 states that "the fair use of a copyrighted work ... for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright." 17 U.S.C. § 107. The Act goes on to list four key factors that a court should consider when evaluating a claim of fair use:

"In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include:

- 1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- 2) the nature of the copyrighted work;
- 3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- 4) the effect of the use upon the potential market for or value of the copyrighted work."

17 U.S.C. § 107.

The Second Circuit then proceeded to consider the Google Books features (searching and snippets) in view of these four factors.

### Factor One – Purpose and Character of Use/Commercial/Non-Profit

Addressing the first factor, the "purpose and character of the use," the court found that the Google Books search function was a highly transformative use, in that the function did not supplant the books, but rather provided information *about* the books to make the books easier to find. The court also noted that as part of the searching, Google Books offers users insights into statistics of word usage (e.g., frequency of usage of words across different historical periods), and that this statistical capability was another transformative use that added to the body of public knowledge without supplanting the books. *Id.*, p. 22.

The court also found that the snippet view feature was a transformative use, because it provides useful context for the transformative use of the search feature mentioned above. *Id.*, p. 23.

The first factor also includes consideration of the commercial nature of the use, and on appeal the plaintiffs argued that Google was commercially benefitting from the Google Book search capability. In considering this issue, the court noted that many of the most universally accepted forms of fair use

(e.g., news reporting, commentary) are also done for commercial profit, and that this factor must be weighed in context against the transformative nature of the accused work. *Id.*, p. 26. Ultimately, the court decided that the Google Books uses were sufficiently transformative to outweigh the commercial nature of Google's use.

### **Factor Two – Nature of the Copyrighted Work**

The court downplayed the significance of the second factor, the “nature of the copyrighted work.” In particular, the court noted that this factor is commonly used to confer greater degrees of copyright protection to works of fiction, and lesser degrees to works that are factual, but expressed disagreement that this should actually be the case. *Id.*, p. 28. The plaintiffs' books happened to be factual, but the court found that its reasoning would not change even if the books were fictional. This factor was a bit of a wash, although the court acknowledged that the “transformative” nature discussed in the first factor can also influence this second factor, and concluded that the second factor favors a finding of fair use because the resulting work provides “valuable information about the original, rather than replicating protected expression in a manner that provides a meaningful substitute for the original.” *Id.*

### **Factor Three – Amount and Substantiality**

As for the third factor, “the amount and substantiality of the portion used in relation to the copyrighted work as a whole,” the court acknowledged that Google has made complete copies of the books in their entirety, but the court also noted that such a complete copying can still be considered a fair use if it was reasonably appropriate to achieve the copier's transformative purpose without supplanting the original. In evaluating this, the court noted that while Google made complete copies, it does not reveal that copy to the public. As for the snippet view, which reveals portions of search results to the public, the court found that Google's snippet view does not reveal enough of the books to risk becoming a competing substitute for the books. This is certainly due in part to the steps that Google took to ensure that the public could only ever see small portions of the books. Google Books displays small snippet sizes, displays no more than 3 snippets for any single search term (and only one snippet per page), always uses just the first “hit” on each page, excludes books whose value could be supplanted by the displayed snippets (e.g., cookbooks and dictionaries), and intentionally “blacklists” one snippet per page (and one page per ten pages of the book) such that the blacklisted snippets never show up in anyone's search. *Id.*, p. 31-32.

### **Factor Four – Effect on Market**

As for the fourth factor, “the effect of the use upon the potential market for or value of the copyrighted work,” the court found that the “cumbersome, disjointed and incomplete nature of the aggregation of snippets made available through snippet view” was unlikely to provide a meaningful substitute for the underlying book. *Id.*, pp. 36-37.

### **Derivative Works**

After addressing these fair use factors, the court turned to the plaintiffs' remaining arguments. Regarding the argument that Google Books infringed the plaintiffs' right to create a similar derivative



work (e.g., a similar search tool), the court was again swayed by the transformative nature of Google Books. The court noted that derivative works largely were works that sought to re-present the protected aspects of the original work (e.g., a translation of a book from one language to another, or a film adaptation of a book), and that the Google Books “program does not allow access in any substantial way to a book’s expressive content.” *Id.*, p. 38.

### **Hacking**

As for the risk of hacking, the court agreed that a secondary user who unreasonably exposes the rights holder to destruction of value may lose the fair use argument. *Id.*, p. 41. However, in this case, the court found that Google had sufficiently proved that it had taken reasonable precautions against hacking. Google stores the scanned book data on computers that are walled off from public Internet access, and protected by the same “impressive security measures used by Google to guard its own confidential information.” *Id.*, p. 42.

### **Library Copies**

And as a final point in the analysis, the court addressed the Library Project’s sharing of digital copies with the libraries. Since this merely allowed the libraries to each have digital copies of books that they already owned (the project did not allow libraries to get copies of other libraries’ books; only their own), the court found that this was already a fair use under prior precedent, and that the only distinction here is that the libraries contracted out to another entity to do the actual scanning. *Id.*, p. 44.

### **Conclusion**

So in conclusion, the Second Circuit was largely swayed by what it deemed the highly transformative nature of the Google Books project, and that transformative nature found its way into the court’s analysis of several of the relevant fair use factors. Google’s case was bolstered by the steps it took to secure the digital copies, limit the search result contents viewable by users, and to provide additional statistical data about the books.

Please click [here](#) to view the decision.

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.



**2015 DMCA Exemptions in Detail:  
When Is It Okay to Technologically  
Circumvent Copyright Protections?**

**Ernest V. Linek**

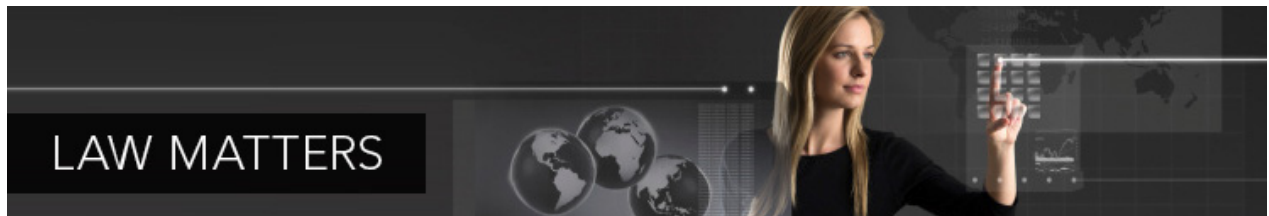
***JD Supra Perspectives***

***November 3, 2015***

# 2015 DMCA Exemptions In Detail: When Is It OK to Technologically Circumvent Copyright Protections?

11/3/2015 by Ernest Linek | JD Supra Perspectives

Like 1 G+1 4 Tweet 22 Share 1



The Digital Millennium Copyright Act (DMCA) prohibits the public from breaking any encryption or physical lock to access copyrighted material. Every three years, the Library of Congress offers exemptions to that part of the law, defining certain circumstances under which it is legal to circumvent those protections. The LOC decides on exemptions by a long process involving public comments, responses, and hearings.

On October 28, 2015, the LOC reported a new set of regulations regarding exemptions to the DMCA provision that prohibits circumvention of technological measures that control access to copyrighted works. The new rules are effective through October 2018.



## Summary of exemptions

The previous ability to unlock cell phones has been extended to tablets, smartwatches, and smart TVs.

This year's rule allows owners of 3D printers to disable software that forces them to buy the plastic "ink" from the printer's manufacturer.

The new exemptions allow unlocking software embedded in implanted medical devices. In addition, the LOC said it is now legal for owners to circumvent controls on computer systems in cars and farm equipment "for the purposes of lawful diagnosis and repair, or aftermarket personalization, modification, or other improvement."

The public now can act without fear of violating the DMCA with respect to certain circumvention activities. However, restrictions remain, since consumers still cannot burn DVDs and Blu-ray discs to a computer file, as they legally can with CDs. Likewise, consumers still cannot legally modify video game consoles like Xbox or PlayStation. Similarly, e-readers are still illegal to unlock.

### **Details of the new exemptions**

#### *1. Classes 1 to 7 – Audiovisual Works – Educational and Derivative Uses*

Motion pictures (including television shows and videos), where circumvention is undertaken solely in order to make use of short portions of the motion pictures for the purpose of criticism or comment in the following instances:

- (i) For use in documentary filmmaking,
- (ii) For use in noncommercial videos (including videos produced for a paid commission if the commissioning entity's use is noncommercial),
- (iii) For use in nonfiction multimedia e-books offering film analysis,

(iv) By college and university faculty and students, for educational purposes,

(v) By faculty of massive open online courses (MOOCs) offered by accredited nonprofit educational institutions,

(vi) By kindergarten through 12th-grade educators, for educational purposes,

(viii) By educators and participants in nonprofit digital and media literacy programs offered by libraries, museums and other nonprofit entities with an educational mission.

## *2. Class 9: Literary Works Distributed Electronically – Assistive Technologies*

Literary works, distributed electronically, that are protected by technological measures that interfere with screen readers or other applications or assistive technologies,

(i) When a copy of such a work is lawfully obtained by a blind or other person with a disability, or

(ii) When such work is a nondramatic literary work, lawfully obtained and used by an authorized entity pursuant to 17 U.S.C. 121.

## *3. Classes 11 to 15: Computer Programs That Enable Devices to Connect to a Wireless Network That Offers Telecommunications Services (Unlocking)*

(i) Computer programs that enable the following types of wireless devices to connect to a wireless telecommunications network, and the device is a previously used device:

(A) Wireless telephone handsets (i.e., cell phones);

(B) All-purpose tablet computers;

(C) Portable mobile connectivity devices, such as mobile hotspots, removable wireless broadband modems, and similar devices; and

(D) Wearable wireless devices designed to be worn on the body, such as smartwatches or fitness devices.

*4. Classes 16 and 17: Jailbreaking – Smartphones and All-Purpose Mobile Computing Devices*

Computer programs that enable smartphones and portable all-purpose mobile computing devices to execute lawfully obtained software applications.

*5. Class 20: Jailbreaking – Smart TVs*

Computer programs that enable smart televisions to execute lawfully obtained software applications.

*6. Class 21: Vehicle Software – Diagnosis, Repair or Modification*

Computer programs that are contained in and control the functioning of a motorized land vehicle such as a personal automobile, commercial motor vehicle or mechanized agricultural vehicle, when circumvention is a necessary step undertaken by the authorized owner of the vehicle to allow the diagnosis, repair or lawful modification of a vehicle function; and where such circumvention does not constitute a violation of applicable law, and provided, however, that such circumvention is initiated no earlier than 12 months after the effective date of this regulation.

*7. Class 22: Vehicle Software – Security and Safety Research; Class 25: Software – Security Research; Proposed Class 27A: Medical Device Software – Security and Safety Research*

(i) Computer programs, where the circumvention is undertaken on a lawfully acquired device or machine on which the computer program operates solely for the purpose of good-faith security research and does not violate any applicable law, and provided, however, that, except as to voting machines, such circumvention is initiated no earlier than 12 months after the effective date of this regulation, and the device or machine is one of the following:

(A) A device or machine primarily designed for use by individual consumers (including voting machines);

(B) A motorized land vehicle; or

(C) A medical device designed for whole or partial implantation in patients or a corresponding personal monitoring system, that is not and will not be used by patients or for patient care.

*8. Class 23: Abandoned Software – Video Games Requiring Server Communication*

(i) Video games in the form of lawfully acquired computer programs, when the copyright owner or its authorized representative has ceased to provide access to an external computer server necessary to facilitate an authentication process to enable local gameplay, solely for the purpose of:

(A) Permitting access to the video game to allow copying and modification of the computer program to restore access to the game for personal gameplay on a personal computer or video game console; or

(B) Permitting access to the video game to allow copying and modification of the computer program to restore access when necessary to allow preservation of the game in a playable form by an eligible library, archives or museum.

(ii) Computer programs used to operate video game consoles solely to the extent necessary for an eligible library, archives or museum to engage in the

preservation activities described in paragraph (i)(B).

#### *9. Class 26: Software – 3D Printers*

Computer programs that operate 3D printers that employ microchip reliant technological measures to limit the use of feedstock, when circumvention is accomplished solely for the purpose of using alternative feedstock.

#### *10. Class 27B: Networked Medical Devices – Patient Data*

Literary works consisting of compilations of data generated by medical devices that are wholly or partially implanted in the body or by their corresponding personal monitoring systems, where such circumvention is undertaken by a patient for the sole purpose of lawfully accessing the data generated by his or her own device or monitoring system and does not constitute a violation of applicable law.

\*

**[Ernest V. Linek** *has successfully counseled on and registered copyrights for a number of clients in more than 30 years of practice. He has also prosecuted hundreds of U.S. and international patent applications, assisted clients in the selection and registration of hundreds of new trademarks and service marks, and represented clients in patent and trademark litigation. He is a principal shareholder in the Boston office of Banner & Witcoff, Ltd.]*

---

## **LATEST POSTS**

2015 DMCA Exemptions In Detail: When Is It OK to Technologically Circumvent Copyright Protections?





**Copyright Office Focuses on Future  
with Strategic Plan**

**Nigel Fontenot and Christopher  
Galfano**

***Banner & Witcoff Intellectual  
Property Alert***

***November 25, 2015***



## Intellectual Property Alert: Copyright Office Focuses on Future with Strategic Plan

By Nigel Fontenot and Christopher Galfano

November 25, 2015 — *“The Congress shall have Power...To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”* — CONSTITUTION OF THE UNITED STATES [ARTICLE 1, SECTION 8]

The U.S. Copyright Office has released its strategic vision and plan for 2016-2020.<sup>1</sup> The office presented the draft strategic plan for public comment on October 23, 2015. The draft document is a culmination of several years’ work. The Strategic Plan 2016-2020 will take effect on December 1, 2015. With the future in mind, Maria A. Pallante, U.S. Register of Copyrights and the Director of the U.S. Copyright Office, stated that the Copyright Office “must be lean, nimble, results-driven, and future-focused.” The Copyright Office hopes the strategic plan “will move us from a 1970s department to a model for twenty-first century government.” The goal of this article is to highlight the proposed changes and to outline the trajectory that the Copyright Office will aim for in the future.

### **MISSION STATEMENT**

*“To administer the Nation’s copyright laws for the advancement of the public good; to offer services and support to authors and users of creative works; and to provide expert impartial assistance to Congress, the courts, and executive branch agencies on questions of copyright law and policy.”*

The U.S. Copyright Office is responsible for the administration of U.S. copyright laws governed by the Copyright Act under Title 17. The office is directed by the Register of Copyrights. Notably, the Librarian of Congress appoints and supervises the Register. The Register and her staff are “impartial advisors” to Congress and work closely with other government agencies such as the Departments of Justice and State. The office is dedicated to supporting “the exclusive rights, remedies, and remunerations that are afforded authors under the law, and which are essential for publishers, producers, and other entrepreneurs who invest in and bring these works to market.”

---

<sup>1</sup> <http://copyright.gov/reports/strategic-plan/sp2016-2020.html>

## **STRATEGIC GOALS OF THE UNITED STATES COPYRIGHT OFFICE<sup>2</sup>**

*“The United States Copyright Office must be a model for twenty-first century government.”*

The Strategic Plan provides six strategic goals that the Copyright Office intends to implement by 2020:

### **FIRST STRATEGIC GOAL**

Administer the copyright laws of the United States effectively, efficiently, and skillfully for the benefit of authors and the public.

The Copyright Office plans to administer a modern system that establishes new and updated practices for registering emerging forms of digital works, such as software, images, motion pictures, video games, and music. The Copyright Office’s modern system will also decrease the total time it takes to issue a registration or refusal from the filing of an application.

The Copyright Office will implement a more efficient and useful commercial and noncommercial copyright recordation system by analyzing policy studies, technology reports, and public comments. The Strategic Plan also highlights a plan to examine more modern issues, such as issues related to “electronic signatures, commercially sensitive or redacted materials, personally identifiable information, and standards and timing of agency review.”

In addition, the Strategic Plan provides that statutory copyright licenses “will be efficiently and accurately administered,” which includes the “legal review of royalty rate and distribution proceedings.” The Copyright Office plans to critically examine the legal requirements of mandatory deposits and “issues relating to the security, terms, and conditions under which deposited works are made part of the [Library of Congress’s] holdings and may be made available to the public.” The plan further provides that the Copyright Office will assume “greater responsibility for the function and application of copyright laws by accepting new assignments from Congress” and will consider solutions for increasing the efficiency of copyright administration.

### **SECOND STRATEGIC GOAL**

Make copyright records easily searchable and widely available to authors, entrepreneurs, and all who need them.

The Copyright Office will expand the accessibility of copyright records by formalizing metadata standards and by increasing the use of unique identifiers. This includes expanding the online database of contemporary records and using “innovative third-party tools, software programs, registries, and other business models that are interoperable with the Office’s records and underlying data.”

---

<sup>2</sup> <http://copyright.gov/reports/strategic-plan/USCO-strategic.pdf>

The Strategic Plan describes deploying a robust public records search engine that will allow the public the ability to view copyright records in a more “cohesive and comprehensive fashion.” The plan provides for digitizing pre-1978 copyright records and making these documents searchable online. Additionally, the Copyright Office will work with businesses “to develop and offer new business-to-business services,” which will “share data and connect public and Private copyright records.”

### **THIRD STRATEGIC GOAL**

Provide impartial expert assistance to Congress, executive branch agencies, and the courts on questions of copyright law and policy.

The Copyright Office will advise Congress on emerging areas of copyright policy, provide policy studies for Congress to consider, and interact with the public to discuss the “legal and practical aspects of copyright law.” The Copyright Office will assist government agencies with interpreting “national copyright laws and the trade and treaty obligations of the United States.” The Copyright Office will assist the courts with interpreting the Copyright Act and other provisions of title 17 of the U.S. Code. This advice to the courts will include maintaining “an up-to-date Compendium of U.S. Copyright Office Practices to assist courts with understanding the Office’s practices and reasoning.”

### **FOURTH STRATEGIC GOAL**

Deliver outstanding information services, educational programs, authoritative publications, and other expert resources to individuals and businesses.

Under the Strategic Plan, the office’s web interface will be improved to “assist customers with forms and filings” and to “make registration and recordation filings more intuitive.” The office will enhance customer support and also consider opening satellite offices across different regions in the U.S. The plan calls for a complete renovation of the copyright website ([copyright.gov](http://copyright.gov)) that will “improve the organization and accessibility” of copyright records and publications. The renovated website will be quicker and more secure than the current website and will facilitate “filing public comments and participation in public processes.”

The Copyright Office plans to expand training programs, both domestically and internationally, by increasing the number of public seminars and by creating “new educational initiatives for authors, schools, organizations, and businesses.” Existing programs, such as the Copyright Academy, Copyright Matters, and the International Copyright Institute, will also be expanded.

The Strategic Plan calls for publishing more resources for public consumption, such as additional web materials, newsletters, and authoritative texts, all of which will act as office resources and will provide guidance on copyright law and office practices. In addition, the Copyright Office plans to expand “the use of social media and audio-visual tools to reach more members of the public regarding the activities of the Office and issues of public interest.”

## **FIFTH STRATEGIC GOAL**

Build a robust and flexible technology enterprise that is dedicated to the current and future needs of a modern copyright agency.

The Copyright Office will integrate cloud and mobile capabilities into its enterprise architecture and infrastructure, which will increase the availability, performance, and security of the office's computer systems. The Strategic Plan calls for determining "premium on-premises and off-premises hosting solutions" and calls for conversing with the public on "security requirements for data exchange and storage of copyright deposits in the Office's care." The plan also provides for bolstering the Copyright Office's process for "proposing, reviewing, and finalizing technology investments."

## **SIXTH STRATEGIC GOAL**

Recruit a diverse pool of legal, technology, and business experts, including a dedicated career staff, non-career professionals, contractors, and advisory committees.

The Copyright Office will hire qualified technical professions to manage its enterprise systems and projects. The Strategic Plan includes creating many new positions while enhancing training and career development programs for office employees. To retain qualified employees, the Copyright Office will implement several incentives, such as expanding telework and job-share programs, and increasing education support, awards, and distinctions. The plan also calls for strengthening programs for "early career professionals, scholars in residence, student interns, and academic partnerships with law schools and universities" and using contractor support "to meet targeted needs." The Copyright Office will work with industry experts on technology standards and increase contact with "legal and business advisors from the nonprofit, public sector, and private sector."

## **MODERNIZATION EFFORTS AND LEGAL RESOURCES**

### **FAIR USE INDEX**

In April 2015, the Copyright Office launched the Fair Use Index.<sup>3</sup> The purpose of this tool is to track and provide quick access to 175 key judicial decisions that provide crucial insight to the fair use doctrine under copyright law. The tool is specifically designed to aid lawyers and non-lawyers in understanding types of uses that a court determined fair or unfair.

### **ORPHAN WORKS AND MASS DIGITIZATION**

In June 2015, the Copyright Office concluded the "Orphan Works and Mass Digitization Study." The study examined circumstances in which a copyright owner, despite diligent efforts, could not be identified or located. Under current statutory provisions, there is not a clear exception or licensing option for individuals to make productive use of Orphan Works. The Mass Digitization

---

<sup>3</sup> <http://copyright.gov/fair-use/>

evaluated options for collective licenses for large scale access to works that are otherwise ineligible due to statutory exceptions.

## **COPYRIGHT AND THE MUSIC MARKETPLACE**

In an effort to create a more reasonable music licensing system, the Copyright Office analyzed the current and antiquated music licensing framework. The Office evaluated statutory licenses, the role of performing rights organizations, access to music ownership data, and the individual concerns of artists in the current music marketplace. The office made a number of recommendations that it hopes will streamline music licensing.<sup>4</sup>

## **RESALE AND ROYALTIES**

At the request of Congress and after analyzing resale royalties for visual artists, the office concluded that “certain visual artists, who typically do not share in the long-term financial success of their original works, may operate at a disadvantage under the copyright laws relative to authors of other types of creative works.” Accordingly, the Copyright Office recommended that Congress further investigate the possibility of legislating a resale royalty to compensate these artists.<sup>5</sup>

## **COPYRIGHT SMALL CLAIMS**

Again, at the request of Congress, the Copyright Office reviewed current options for copyright owners to resolve infringement and other copyright issues. The office concluded that “redress” via the federal courts is time consuming and expensive for a copyright owner experiencing a “modest amount of economic harm.” As such, the office recommended the creation of a Copyright Office Tribunal as a potential option to resolve copyright disputes outside the federal courts.<sup>6</sup>

## **FEDERAL COPYRIGHT PROTECTION FOR PRE-1972 SOUND RECORDINGS**

Sound recording professionals and Congress spurned the Copyright Office to investigate the possibility of bringing sound recordings made prior to February 15, 1972, under the federal copyright regime. The Copyright Office concluded that the best interests of the public, libraries, and archives would be better served by “federalization of these recordings.”<sup>7</sup>

## **BUDGET PROCESS AND RESOURCES**

At the present time, funding for the Copyright Office comes from two main sources: 1) fees paid by authors, corporations, and various customers, and 2) congressionally appropriated funds. One proposal put forth by the Copyright Office is to directly manage office investments and acquisition processes and to submit funds requests and operating plans directly to Congress.

---

<sup>4</sup> <http://copyright.gov/docs/musiclicensingstudy/>

<sup>5</sup> <http://copyright.gov/docs/resaleroyalty/>

<sup>6</sup> <http://copyright.gov/docs/smallclaims/>

<sup>7</sup> <http://www.copyright.gov/docs/sound/>

Currently, the funding request of the Library of Congress includes the Copyright Office yearly funding request. Ultimately, the Librarian of Congress has the final decision for budget issues. In Fiscal Year 2015, the Library of Congress budget totaled roughly \$631 million and about \$54 million was allocated to the Copyright Office. The Fiscal Year 2016 request saw about a 3.5 percent increase in funding, to roughly \$57 million.

## **CONCLUSION**

The proposals in the Copyright Office's Strategic Plan 2016-2020 will help customers and the public gain better access to the office's resources via a twenty-first century web interface. New-age digital mediums, such as videos and software, will be easier to register and protect, which will greatly expand the number of registered works and the potential enforcement of these works. In future litigation, the office's guidance and the advice provided to the courts could aid controversies over statutory interpretation between the courts and the office. Finally, a diverse talent pool of employees will provide a fresh perspective and insight into the issues facing the office and potential copyright owners in today's digitally driven world.

To subscribe or unsubscribe to this Intellectual Property Advisory, please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com).



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.

# **DESIGN PATENTS**





**The U.S. and Japan Join the Hague  
System**

**Richard S. Stockton**

***Banner & Witcoff Intellectual  
Property Alert***

***May 13, 2015***



## Intellectual Property Alert: The U.S. and Japan Join the Hague System

By **Richard S. Stockton**

May 13, 2015 — Today, the United States and Japan will become contracting parties to the Hague System for the International Registration of Industrial Designs. The Hague System allows the filing of a single international design application that can lead to design protection in more than 50 jurisdictions, including the European Union, Korea and now the U.S. and Japan.

A U.S. applicant may file a Hague application directly through the World Intellectual Property Organization, which administers the Hague System, or indirectly through the US Patent and Trademark Office. After a formalities review, WIPO records and publishes the Hague application as an international registration. Jurisdictions designated for protection then have as long as 12 months to refuse protection, but only on substantive grounds. With some minor exceptions, the USPTO will examine a US-designating Hague application like a traditional U.S. design application, with official action being taken within the 12-month refusal period, and a U.S. design patent issuing if warranted. As an aside, U.S. design patents issuing from U.S. or international applications filed after May 13 will have a 15-year term instead of the current 14-year term.

### **Advantages and Disadvantages of the Hague System**

The most tempting aspect of the Hague System is its territorial scope, which now includes, among others, the U.S., EU, Japan, Korea, Switzerland, Turkey, Norway, Singapore, Ukraine, Morocco, Egypt and the 17 West African member states of the African Intellectual Property Organization (OAPI). Canada, China, Malaysia, Russia and others are also expected to join soon. In theory, a single Hague application filed by a single law firm could lead to protection in all of these jurisdictions. The Hague System also offers centralized payment of foreign maintenance fees.

New U.S. laws implementing the Hague System also offer advantages. For example, under certain conditions, WIPO international registration publications can give rise to pre-grant reasonable royalties for infringement in the U.S. as soon as a few weeks after filing.

However, many caveats to the Hague System remain. Here are a few considerations:

- **Varying “Unity” Requirements:** In traditional EU applications, for example, designs that do not look alike, such as a hammer and a screwdriver, can be prosecuted in the same design application. By contrast, the U.S. only allows multiple designs to be prosecuted together if

they appear “patentably indistinct.” The net result is that a multiple-design Hague application satisfying EU unity standards will receive a restriction requirement in the U.S. if the designs are not patentably indistinct. Moreover, *Pacific Coast Marine Windshields v. Malibu Boats*, a 2014 U.S. patent appeals court case, creates serious concerns in the event certain restricted designs are not pursued. Conversely, crafting Hague applications to satisfy the more rigid U.S. unity standard ignores protection for additional designs that could have been included elsewhere.

- **Other Harmonization Limitations:** In theory, the Hague System harmonizes formalities, but exceptions remain. For example, Japan declared that six “orthographic projection” figures are still required. Other Hague jurisdictions do not have these requirements. There is also some concern that Hague jurisdictions will continue to reject on old formalities grounds (*e.g.*, inclusion of figure shading) until the Hague System becomes more familiar.
- **Reduced Publication Control:** If, for example, a Hague application designates the U.S., traditional means for controlling the date of first publication are no longer available. Thus, it may be more difficult to use the Hague System when it is desirable to avoid publication before a product launch.
- **Prolonged Pendency and Timing Uncertainty:** Directly pursuing design protections in many Hague jurisdictions is typically faster than using the Hague System, although some delays may be negligible to some applicants (*e.g.*, moving from two weeks to one or two months in the EU). Relatedly, some Hague jurisdictions “wait out” the six- or 12-month refusal period instead of formally acknowledging protection, and enforcement uncertainty may arise during this interim period.
- **Official Fees are Not Necessarily Cheaper:** As of May 12, 2015, the official fees due at the time of indirectly U.S. filing a single-design, 7-figure Hague application designating only the U.S., for example, are approximately US\$1400 — compared to US\$760 for filing a traditional large-entity U.S. design application. The US\$1400 amount includes WIPO fees and U.S.-to-WIPO transmittal fees; the U.S. filing fee component is a comparable US\$790. If the U.S., EU, Japan and Korea are designated, the official fees are approximately US\$2400, which is jurisdictionally more cost-effective. If the EU, OAPI and every non-EU member state jurisdiction is designated (approximately 40 jurisdictions total), the official fees are approximately US\$4600, or US\$120/jurisdiction.
- **Multiple Counsel Fees May Still Be Incurred:** If, for example, a Hague applicant seeks protection for a recently disclosed design in Japan or Korea, jurisdiction-specific papers must still be filed promptly to excuse the lack of absolute novelty of the design. This may require the assistance of counsel in multiple jurisdictions at filing, which can reduce anticipated cost savings. Generally speaking, rejections also need to be addressed by counsel in corresponding Hague jurisdictions.
- **Ownership Limitations:** As the Hague System is a “closed system,” meaning that not everybody is entitled to use it, some limitations on, for example, transfers of ownership of design protections obtained through the Hague System may exist.
- **Legal Uncertainty:** As with any new intellectual property rights regime, U.S. design protections arising from Hague applications are untested, although the maintaining of the *status quo* of the U.S. design patent system suggests that current U.S. precedent remains largely applicable in the U.S.

## **Conclusion**

The good news is that the Hague System framework is established and major jurisdictions have joined or are planning to join. The above caveats, while significant, can be viewed as obstacles in the framework's road that can be mitigated or even entirely removed. Unilateral action by Hague jurisdictions and efforts by WIPO, the Hague Working Group and others will help address these obstacles. Time, empirical experience, increased territorial scope and an increased applicant pool will also likely work in the Hague System's favor.

One interim strategy is to file multiple Hague applications, perhaps divided foremost along unity lines, with the intent of protecting the most designs possible, in multiple territories, for the best price. For example, an "EU-Plus" Hague application featuring five designs (35 figures) in the same Locarno Class could designate the EU, Switzerland, Turkey, Norway, Iceland and Ukraine, and would cost approximately US\$2500 in official fees to file (with the hope that attorney fees and additional costs would be limited). Additional "Plus" Hague applications could be filed for "similar" Hague jurisdictions.

The Hague System has great potential, but currently is far from perfect. However, even now, it should still be carefully considered when seeking design protection.

Please see the Banner & Witcoff Issues [page](#) on the Hague Agreement for more information.

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.



***Apple v. Samsung: The Federal  
Circuit Clarifies Design Patent  
Principles Law***

**Robert S. Katz and Darrell G. Mottley**

***Banner & Witcoff Intellectual  
Property Alert***

***May 20, 2015***



## Intellectual Property Alert: *Apple v. Samsung*: The Federal Circuit Clarifies Design Patent Principles Law

By Robert S. Katz and Darrell G. Mottley

May 20, 2015 — In a much anticipated opinion issued by the U.S. Court of Appeals for the Federal Circuit in *Apple v. Samsung* on May 18, the design patent law with respect to remedies and the infringement test remains robust. Notably, and favorable to design patent owners, the Federal Circuit did not limit the availability of monetary remedies of Section 289. Furthermore, the Federal Circuit clarified aspects of the design patent infringement test.

### **Section 289 Infringer’s Profits**

Section 289 of Title 35 sets forth additional remedies available for the infringement of a design patent. Section 289 provides in-part: “Whoever... sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied *shall be liable to the owner to the extent of his total profit...*” (emphasis added). Samsung challenged the award of the infringer’s profits under Section 289 based on two main theories: (1) lack of causation and (2) apportionment should have been applied. The Federal Circuit rejected Samsung’s arguments.

#### *Causation Rejected*

Samsung argued that Apple failed to establish that infringement of its design patents *caused* any Samsung sales or profits, and that consumers chose Samsung products based on a host of other factors. Further, Samsung contended that the damages should have been limited to the profit attributable to (i.e., caused by) the infringement. The Federal Circuit rejected the “causation” arguments because Samsung (1) advocated the same “apportionment” requirement that Congress rejected when it codified Section 289; and (2) the clear statutory language of Section 289 did not require causation.

#### *Apportionment Rejected*

Samsung contended that the profits awarded to Apple should have been limited to the infringing “article of manufacture” (that is, the portion of the product that incorporates the subject matter of the patent) and not the entire infringing product. Said another way, Samsung argued that the infringer’s profits should have been based on the smartphone casing without its internal electronics. The Federal Circuit rejected this argument, indicating that Section 289 explicitly authorizes the award of total profits from the article of manufacture bearing the patented design.

Samsung attempted to support its argument by comparing its situation to a Second Circuit decision that allowed an award of the infringer's profits from the patented design of a *piano case* but *not* from the sale of *the entire piano*. *Bush & Lane Piano Co. v. Becker Bros.*, 222 F. 902, 903 (2d Cir. 1915). In addressing the *Bush & Lane* case, the Federal Circuit noted that that decision was fact-specific, and in those facts, purchasers would select and purchase piano cases separately from the pianos. The Federal Circuit opined this case was not similar to the facts at hand because the innards of Samsung's smartphones were not sold separately from their casing as distinct articles of manufacture. Therefore, the Federal Circuit held that the district court was not required to limit the infringer's profits as argued by Samsung.

### **Design Patent Infringement Test**

Samsung raised three central theories contending that erroneous jury instructions warranted reversing the infringement finding — (1) functionality, (2) actual deception, and (3) comparison to the prior art. The Federal Circuit found none of these arguments persuasive.

#### *Functionality*

Samsung contended that the district court erred in failing to exclude the functional aspects of the design patents either in the claim construction or elsewhere in the infringement jury instructions. Specifically, Samsung contended that the district court should have excluded elements in their entirety that are “dictated by their functional purpose,” or cover the “structural . . . aspects of the article.” For example, Samsung contended that rectangular form and rounded corners are among such elements that should have been ignored in the infringement analysis. Samsung based this argument on the Federal Circuit's *Richardson* decision. *Richardson v. Stanley Works, Inc.*, 597 F.3d 1288 (Fed. Cir. 2010).

The Federal Circuit found that *Richardson* did not support Samsung's position for eliminating functional or structural aspects from the claim scope of design patents. The Federal Circuit noted that the application of claim construction in *Richardson* to elements “dictated by their functional purpose” was due to a reflection of the facts there; and it did not establish a rule to eliminate entire elements from the claim scope. The Federal Circuit held that Samsung, therefore, failed to show prejudicial error in the jury instructions.

#### *Actual Deception and Prior Art*

Samsung contended that the infringement jury instructions were erroneous for (1) stating that actual consumer deception was not required, and (2) for providing guidelines in considering prior art, rather than requiring consideration of prior art. The Federal Circuit disagreed with Samsung on both points. Regarding actual deception, the Federal Circuit observed that the jury instruction simply clarified that actual deception was not required for a finding of design patent infringement, and such was an accurate reflection of the ordinary observer test set forth in *Gorham Co. v. White*, 81 U.S. 511, 528 (1872). Regarding the role of prior art, the Federal Circuit noted the jury instruction expressly required that each juror “must” consider the prior art admitted at trial in accordance with *Egyptian Goddess v. Swisa, Inc.* 543 F.3d 665,678 (Fed. Cir.

2008)(*en banc*) and the instructions did not reduce the entire prior art analysis to a mere option for the jury.

### **Split Decisions on Other Forms of IP**

In addition to the design patent issues, utility patent and trade dress issues were on appeal as well. The Federal Circuit came out in favor of Apple on the utility patent issues and in favor of Samsung on the trade dress/product configuration trademark issues. Specifically, the Federal Circuit affirmed the district court's holding that Apple's utility patents were valid. It further reversed the district court and found that Apple's trade dress was not protectable under Ninth Circuit law.

### **Conclusion**

The practical effect of this decision for design patentees is that the Federal Circuit has confirmed the infringer's profit provision of Section 289. The infringer's profits remedy is commonly an important remedy for design patentees and frequently serves as a deterrent for third parties who consider making simulations. Notably, the Federal Circuit appears have to put to rest the view that *Richardson* requires an element-by-element analysis to exclude "functional" features from the claim scope. Finally, this decision reinforces that the design patent infringement test does not require actual deception.

We will continue to monitor the development in this case.

To subscribe or unsubscribe to this Intellectual Property Advisory, please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.





**Hague Weighed: Should I Change  
My Design Filing Strategy?**

**Richard S. Stockton**

***Inside Counsel***

***May 21, 2015***

## Inside Counsel

# Hague weighed: Should I change my design filing strategy?

The Hague System has great potential, but currently is far from perfect, with many caveats for in-house counsel

By [Richard S. Stockton](#)  
May 21, 2015

On May 13, 2015, the United States and Japan became contracting parties to the Hague System for the International Registration of Industrial Designs. The Hague System allows the filing of a single international design application that can lead to design protection in more than 50 jurisdictions, including the European Union, Korea and now the U.S. and Japan.

### Introduction to the Hague System

A U.S. applicant may file a Hague application directly through the World Intellectual Property Organization (WIPO), which administers the Hague System, or indirectly through the U.S. Patent and Trademark Office (which then transmits the application to WIPO). Among other things, the Hague application must include figures depicting the design and a designation of Hague jurisdictions where protection is sought.

After a formalities review, WIPO records and publishes the Hague application as an international registration. Designated jurisdictions then have either six months (*e.g.*, for the European Union) or 12 months (*e.g.*, for the U.S.) to refuse protection, but only on substantive grounds. If a timely refusal is not received, the Hague treaty states that the international registration shall have the “same effect” as a corresponding grant of design protection under the designated jurisdictions’ laws. Some jurisdictions, such as the EU, may affirmatively grant protection while other jurisdictions may not respond at all. In the U.S., the international registration is not intended to be self-executing, even if a timely refusal is not received. Accordingly, any Hague application designating the U.S. will be prosecuted like a traditional U.S. design application, with some minor exceptions. As an aside, U.S. design patents issuing from U.S. or international applications filed after May 13 will have a 15-year term instead of the current 14-year term.

### Advantages and disadvantages of the Hague System

The most tempting aspect of the Hague System is its territorial scope, which now includes, among others, the U.S., EU, Japan, Korea, Switzerland, Turkey, Norway, Singapore, Ukraine, Morocco, Egypt and the 17 West African member states of the African Intellectual Property Organization (OAPI). Canada, China, Malaysia, Russia and others are also expected to join soon. In theory, a single Hague

application filed by a single law firm could lead to protection in all of these jurisdictions. The Hague System also offers centralized payment of foreign maintenance fees.

New U.S. laws implementing the Hague System also offer advantages. For example, WIPO can publish Hague registrations within several weeks of application receipt. New U.S. statutes provide that these publications can give rise to pre-grant reasonable royalties for infringement under certain conditions. By contrast, monetary damages for infringement of traditionally-procured, non-expedited U.S. design patents typically will not attach until at least one year after filing.

However, many caveats to the Hague System remain. These caveats may make filing a Hague application less desirable, or outright disfavored, over direct jurisdiction-by-jurisdiction pursuit of design protection:

**Varying “unity” requirements:** In traditional EU applications, for example, designs that do not look alike, such as a hammer and a screwdriver, can be prosecuted in the same design application. By contrast, the U.S. only allows multiple designs to be prosecuted together if they appear “patentably indistinct.” The net result is that a multiple-design Hague application satisfying EU unity standards will receive a restriction requirement in the U.S. if the designs are not patentably indistinct. Moreover, *Pacific Coast Marine Windshields v. Malibu Boats*, a 2014 U.S. patent appeals court case, creates serious concerns in the event certain restricted designs are not pursued. Conversely, crafting Hague applications to satisfy the more rigorous U.S. unity standard ignores protection for additional designs that could have been included elsewhere.

**Other harmonization limitations:** The Hague System is supposed to harmonize formalities, but exceptions remain. For example, Japan declared that six “orthographic projection” figures are still required. Other Hague jurisdictions do not have multiple view or orthography requirements. There is also some concern that Hague jurisdictions will continue to reject on old formalities grounds (*e.g.*, inclusion of figure shading) until the Hague System becomes more familiar. Finally, even if formalities are harmonized, “best practices” based on local rules and court cases may differ, which means that non-ideal protection may be obtained in some jurisdictions.

**Reduced publication control:** If, for example, a Hague application designates the U.S., traditional means for controlling the date of first publication (*e.g.*, filing continuing applications in the U.S. or deferring publication in the EU) are no longer available. Thus, it may be more difficult to use the Hague System to secure design rights when avoiding publication (*e.g.*, in advance of product launches).

**Prolonged pendency:** Pursuing jurisdiction-based design protections is typically faster than using the Hague System, although some delays may be negligible to some applicants (*e.g.*, moving from two weeks to one or two months in the EU). Moreover, a U.S. foreign filing license may still be required before directly filing a Hague application through WIPO, which makes the speediest Hague application option slower.

**Timing uncertainty:** Some Hague jurisdictions “wait out” the six- or 12-month refusal period instead of formally acknowledging protection, and enforcement uncertainty may arise during this interim period. Furthermore, even if affirmative acknowledgments are received, the Hague System treaty does not require such acknowledgments, and thus they may not always occur.

**Official fees are not necessarily cheaper:** As of May 13, 2015, the official fees due at the time of indirectly U.S. filing a single-design, seven-figure Hague application designating only the U.S., for example, are approximately US\$1400—compared to US\$760 for filing a traditional large-entity U.S. design application. The US\$1400 amount includes WIPO fees and U.S.-to-WIPO transmittal fees; the U.S. filing fee component is a comparable US\$790. If the U.S., EU, Japan and Korea are designated, the official fees are approximately US\$2400, which is jurisdictionally more cost-effective. If the EU, OAPI and every non-EU member state jurisdiction is designated (approximately 40 jurisdictions total), the official fees are approximately US\$4600, or US\$120/jurisdiction.

**Multiple counsel fees may still be incurred:** If, for example, a Hague applicant seeks protection for a recently disclosed design in Japan or Korea, jurisdiction-specific papers must still be filed promptly to excuse the lack of absolute novelty of the design. This may require the assistance of counsel in multiple jurisdictions at filing, which can reduce anticipated cost savings (other questions of substance may also arise at filing). Generally speaking, rejections also need to be addressed by counsel in corresponding Hague jurisdictions.

**Ownership limitations:** As the Hague System is a “closed system,” meaning that not everybody is entitled to use it, some limitations on, for example, transfers of ownership of design protections obtained through the Hague System may exist. Interestingly, while U.S. statutes expressly prohibit the assignment of Madrid Protocol-based trademark extensions of protection (see 15 USC § 1141L), new Hague-related U.S. statutes are silent regarding assignment.

**Legal uncertainty:** As with any new intellectual property rights regime, U.S. design protections arising from Hague applications are untested, although the maintaining of the *status quo* of the U.S. design patent system suggests that current U.S. precedent remains largely applicable in the U.S. Hague-based design protections have been litigated in Europe.

## **Conclusion**

The good news is that the Hague System framework is established and major jurisdictions have joined or are planning to join. The above caveats, while significant, can be viewed as obstacles in the framework’s road that can be mitigated or even entirely removed. Unilateral action by Hague jurisdictions and efforts by WIPO, the Hague Working Group and others will help address these obstacles. Time, empirical experience, increased territorial scope and an increased applicant pool will also likely work in the Hague System’s favor.

One interim strategy is to file multiple Hague applications, perhaps divided foremost along unity lines, in the hope of protecting the most designs possible, in the most territory possible, for the best price. An “EU-Plus” Hague application, for example, featuring five designs (35 figures) in the same Locarno Class might designate the EU, Switzerland, Turkey, Norway, Iceland and Ukraine, and would cost approximately US\$2500 in official fees to file (with the hope that attorney fees and additional costs would be limited). Additional “Plus” Hague applications could be filed for “similar” Hague jurisdictions.

The Hague System has great potential, but currently is far from perfect. However, even now, it should still be carefully considered when seeking design protection.

## CONTRIBUTING AUTHOR



**Richard S. Stockton**

Richard S. Stockton is a principal shareholder in Banner & Witcoff's Chicago office. He counsels clients on U.S. design litigation and prosecution strategies, and he has managed thousands of design matters worldwide. Richard also counsels clients on utility patent, copyright and trademark strategies.



**The International Design  
Application: The Hague Agreement  
and U.S. Design Law**

**Darrell G. Mottley and Christopher  
Dawson**

***Banner & Witcoff IP Update***

***May 29, 2015***

# UPDATE

SPRING/SUMMER 2015

## IN THIS ISSUE

- 1 The International Design Application: The Hague Agreement and U.S Design Law
- 6 Strategies in *Inter Partes* Review Proceedings for Biotech/Pharma Patents
- 10 The Supreme Court's Impact on IP Rights in 2015
- 14 Challenging and Defending Obviousness at the PTAB

## THE INTERNATIONAL DESIGN APPLICATION: THE HAGUE AGREEMENT AND U.S DESIGN LAW



BY DARRELL G. MOTTLEY AND CHRISTOPHER W. DAWSON

### INTRODUCTION

On February 13, 2015, the United States deposited with the Director General of the World Intellectual Property Organization (WIPO) its instrument of ratification of the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs (“the Hague Agreement” or “the Agreement”). Although the United States had been a signatory of the Hague Agreement since 1999, its ratification allowed applicants to begin using the Hague System on May 13, 2015. In response, the United States Patent and Trademark Office (USPTO) published its final rules to implement the local rule provisions of the Hague Agreement. This article provides a brief overview of the Hague Agreement, the major differences between U.S. requirements under the Agreement compared to other Contracting Parties, and a quick reference guide for the various USPTO rules implementing the provisions of the Agreement.<sup>1</sup>

### THE HAGUE AGREEMENT GENERALLY

The Hague Agreement, and more particularly the Geneva Act of the Hague Agreement,<sup>2</sup> is a treaty signed on July 2, 1999, in an effort to harmonize the protection of industrial designs worldwide. The Hague Agreement establishes a procedural system through which an applicant can file a single application containing up to 100 designs in order to obtain design protection in each member country and organization (each referred to as a “Contracting Party”).<sup>3</sup>

In order to file an international design application through the Hague System, an applicant must be a national of a Contracting Party, have established domicile and/or maintain a habitual residence in a territory of a Contracting Party, or have a real and effective industrial or commercial establishment in a territory of a Contracting Party.<sup>4</sup> In this regard, some U.S. applicants have already been using the Hague System to obtain international design protection, relying on the “real and effective” prong of Article 3 to establish the appropriate nexus to the Agreement. Of course, if an applicant cannot establish the appropriate nexus under one of these provisions of

[MORE ►](#)

[HAGUE AGREEMENT, FROM PAGE 1]

Article 3, they must separately file a national application in each jurisdiction where they wish to obtain protection.

An applicant files an international design application under the Hague System with either the International Bureau of WIPO (International Bureau) or with the office of the applicant's Contracting Party.<sup>5</sup> Specifically, the applicant files a single application (in either English, French, or Spanish) using WIPO-prescribed forms signed by the applicant, prescribed fees, a reproduction of up to 100 designs including a description of the products that encompass the designs, and the designated Contracting Parties in which the applicant is seeking protection.<sup>6</sup> Additionally, an applicant may include a claim of priority under the Paris Convention. Furthermore, if permitted according to the rules of each jurisdiction designated in the application, an applicant may include a request to defer publication of the design(s) in the *International Design Bulletin* for up to 30 Months.<sup>7</sup>

**“The Hague Agreement establishes a procedural system through which an applicant can file a single application containing up to 100 designs in order to obtain design protection in each member country and organization.”**

Upon receipt of the international design application, the International Bureau performs a *formal* (and notably not *substantive*) examination of the application.<sup>8</sup> For example, the International Bureau examines the application to ensure the quality of reproduction of the design(s) is consistent with international standards, and to ensure the applicant has included the prescribed data and fees.<sup>9</sup> The International Bureau also records

the design(s) in the *International Register* and publishes the design(s) in the *International Design Bulletin* (subject to any request to defer publication as discussed).<sup>10</sup>

Following this formal examination, the International Bureau forwards the application to each designated Contracting Party for substantive examination in accordance with each Contracting Party's domestic legislation.<sup>11</sup> Each designated Contracting Party then has six months (optionally 12 months if the designated Contracting Party is an exam office and/or an office that allows for opposition) to notify the International Bureau of any refusal for protection of the design under its domestic legislation (which can later be withdrawn, if appropriate, following subsequent prosecution).<sup>12</sup> At the expiration of the appropriate period (i.e., either six or 12 months), the applicant is then granted protection in each designated Contracting Party where the application was not refused.<sup>13</sup> The duration of protection is 15 years, and can last longer in some jurisdictions if the designated Contracting Party's domestic legislation provides for longer protection.<sup>14</sup> An applicant renews the patent right in each designated country by simply filing a single renewal fee with the WIPO every five years.<sup>15</sup>

Accordingly, the Hague System provides many benefits for applicants wishing to file for design protection across multiple Contracting Parties by providing a procedural avenue for filing international design applications, which in turn gives rise to cost savings through economies of scale while simplifying the application process.<sup>16</sup> Furthermore, the Hague System provides for reduced monitoring of the various renewal periods across multiple jurisdictions because an applicant can file a single renewal fee at WIPO that covers all designated countries.<sup>17</sup> Finally, the Hague System provides a unified process for effecting



changes in an international application (e.g., changes of ownership, etc.) because an applicant can file a single paper at WIPO that is effective in most designated countries encompassed by the design application.<sup>18</sup>

### NOTABLE U.S. DECLARATIONS AND CORRESPONDING RULES

While the Hague System seeks to streamline filing of a design application across multiple jurisdictions, not all rules are consistent among the various Contracting Parties. Most notably, in its instrument of ratification, the United States listed several declarations to the treaty in order to align its obligations under the Agreement with U.S. design law. These declarations impose special requirements on any applicant that designates the United States, and, accordingly, the USPTO recently established final rules detailing these exceptions to the general Hague framework.

Specifically, any international design application that designates the United States must include a specification and a claim, and the claim language must be consistent with the requirements imposed by U.S. design law.<sup>19</sup> For example, the claim language must be in the form of an “ornamental design” of the subject article “as shown” or “as shown and described.”<sup>20</sup> Also, applications designating the United States can include no more than *one claim*<sup>21</sup> directed to *only one* independent and distinct design,<sup>22</sup> unlike applications not designating the United States, which can include *up to 100 designs*.<sup>23</sup> Particularly, in applications designating the United States, if more than one patentably distinct design is shown in the drawings in the application, the USPTO will issue a restriction requirement and the applicant must select one of the designs to pursue in the application, unless the restriction requirement is successfully rebutted by the applicant’s U.S. attorney. Hence, divisional applications will need to be filed to receive

examination on the non-elected designs. As a result, while an applicant may situate many designs in one international design application and designate the United States, they may find themselves filing multiple divisional applications in the United States, or possibly filing additional fees for each design divided from the international design application.

Furthermore, because U.S. design law makes no provisions for deferment of publication of design applications (indeed, U.S. design law includes no provisions for publication of a design application generally<sup>24</sup>), an applicant cannot request to defer publication of an international application that designates the United States.<sup>25</sup> And applicants designating the United States must also include the WIPO form of an oath or declaration for filing in U.S. national applications.<sup>26</sup>

**“The U.S. rules make clear that protection is not granted in the United States until a separate U.S. design patent is issued.”**

The United States also included a declaration under Article 7(2), and pursuant to Rule 12(3) of the Common Regulations, to replace the one-time prescribed fee normally required for each designated country with a two-part designation fee. Under this two-part designation fee, any applicant designating the United States is required to pay a first part of the designation fee at the time of filing, and a second part of the designation fee at the time of allowance.<sup>27</sup> However, paying this two-part fee relieves the applicant of having to file any renewals with WIPO to maintain a subsequently issued U.S. patent in force, because the two-part fee covers the entire 15 year period of the resulting U.S. patent.<sup>28</sup>

**MORE ▶**

[HAGUE AGREEMENT, FROM PAGE 3]

Additionally, any correction or change in an international design application purportedly effected by notifying WIPO must also be sent to the USPTO before the change will be applicable to the U.S. application.<sup>29</sup> Accordingly, the benefits realized from the Hague System providing a centralized process for making changes in an international application is reduced somewhat for any international design application designating the United States. Furthermore, the United States included a declaration under Rule 18(1)(b) of the Common Regulations whereby the USPTO will be allowed 12 months to communicate any reason of refusal to WIPO rather than six months. And when an international design application is filed at the USPTO as an indirect office of filing, the USPTO may refuse to transmit the application to the International Bureau if doing so would threaten national security.<sup>30</sup>

Provisional rights will be available as a result from publication of the international design application designating the United States. Assuming a U.S. design patent eventually issues substantially similar to a published design in the international application, this provision sets forth that a patent owner may be entitled to a reasonable royalty for any person who makes, uses, offers for sale or sells in the United States the claimed invention, or imports the invention into the United States, during the period between publication of the patent application and the date the patent issued. While provisional rights will now be available for design patents that mature from international design applications, 35 U.S.C. § 289 remains unchanged and sets forth a unique remedy only available for the infringement of a design patent.

Finally, the United States allows for conversion of the international design application designating the United States to a U.S. national

application during the pendency of the application.<sup>31</sup> Similarly, the U.S. rules make clear that protection is not granted in the United States until a separate U.S. design patent is issued.<sup>32</sup> Accordingly, and unlike other Contracting Parties, a mere indication by WIPO that no refusal was received within the 12 month period does not automatically grant the applicant protection within the United States.

## CONCLUSION

The ascension to the Hague Agreement by the United States provides applicants who wish to obtain design protection across multiple Contracting Parties an alternative to filing national applications in each jurisdiction. Under the Hague System, the local substantive examination process remains unchanged and the legal standard for obtaining a design patent is not affected. Hence, the applicant's country selection and drawings should be based on dynamics, including strategies to maximize design rights, and whether the intellectual property rights (IPR) regime of the member country accepts partial designs, shaded or unshaded figures, the strength of IPR enforcement, where the product would be sold, potential copying, design prosecution and examination cost, and the like. Furthermore, the applicant's quality of design drawings, including shading, contouring and further features of the drawings, will still need to be addressed and customized prior to filing a design application under the Hague Agreement. U.S. applicants may find cost-saving and other benefits when pursuing international design protection using the Hague System. However, because the United States has many rules and requirements which differ from the "standard" Hague System framework, applicants should be acutely aware of U.S. requirements before filing an application under the Hague System, if the United States will be a designated Contracting Party. ■

1. Any citation to an "Article" throughout this article refers to an article of the Hague Agreement, and any citation to the Code of Federal Regulations refers to the final (and as of yet uncodified) rules provided by the USPTO in volume 80 of the Federal Register at pages 17,918-971.
2. The Geneva Act of 1999 was actually the third act that sought to implement a system to harmonize industrial design protection worldwide. The first act, the London Act of 1934, has been frozen since January 1, 2010, and the United States was not a signatory to the second act, the Hague Act of 1960. Accordingly, this article addresses only the provisions of the Geneva Act.
3. As of the publication of this article, there are 64 Contracting Parties to the Hague Agreement generally, 49 of which are parties to the Geneva Act.
4. See 37 C.F.R. § 1.1011; Article 3.
5. See 37 C.F.R. § 1.1011-1.1012; Article 4(1)(a).
6. See 37 C.F.R. § 1.1021-1.1022; Article 5.
7. See Article 5.
8. See 37 C.F.R. § 1.1004; Article 8.
9. See 37 C.F.R. § 1.1004; Article 8.
10. See 37 C.F.R. § 1.1004; Article 10.
11. See 37 C.F.R. § 1.1062; Article 12.
12. See 37 C.F.R. § 1.1062; Article 12.
13. See 37 C.F.R. § 1.1063; Article 14.
14. See Article 17.
15. See *id.*
16. See 37 C.F.R. § 1.1021; Article 5.
17. See Article 17.
18. See Article 16.
19. See 37 C.F.R. §§ 1.1024-1.1025.
20. See 37 C.F.R. § 1.1025.
21. See 37 C.F.R. § 1.1025.
22. See 37 C.F.R. §§ 1.1025, 1.1064.
23. See 37 C.F.R. § 1.1021(a)(8); Rule 7(3)(v) of the Common Regulations Under the 1999 Act and the 1960 Act of the Hague Agreement (the Common Regulations).
24. See 35 U.S.C. § 122(b)(2)(A)(iv).
25. See 37 C.F.R. § 1.1028.
26. See 37 C.F.R. § 1.1067.
27. See Rule 12(3) of the Common Regulations.
28. See 37 C.F.R. § 1.1031(e).
29. See 37 C.F.R. § 1.1065.
30. See 37 C.F.R. § 1.1002(b)(4).
31. See 37 C.F.R. § 1.1052.
32. See 37 C.F.R. § 1.1071.

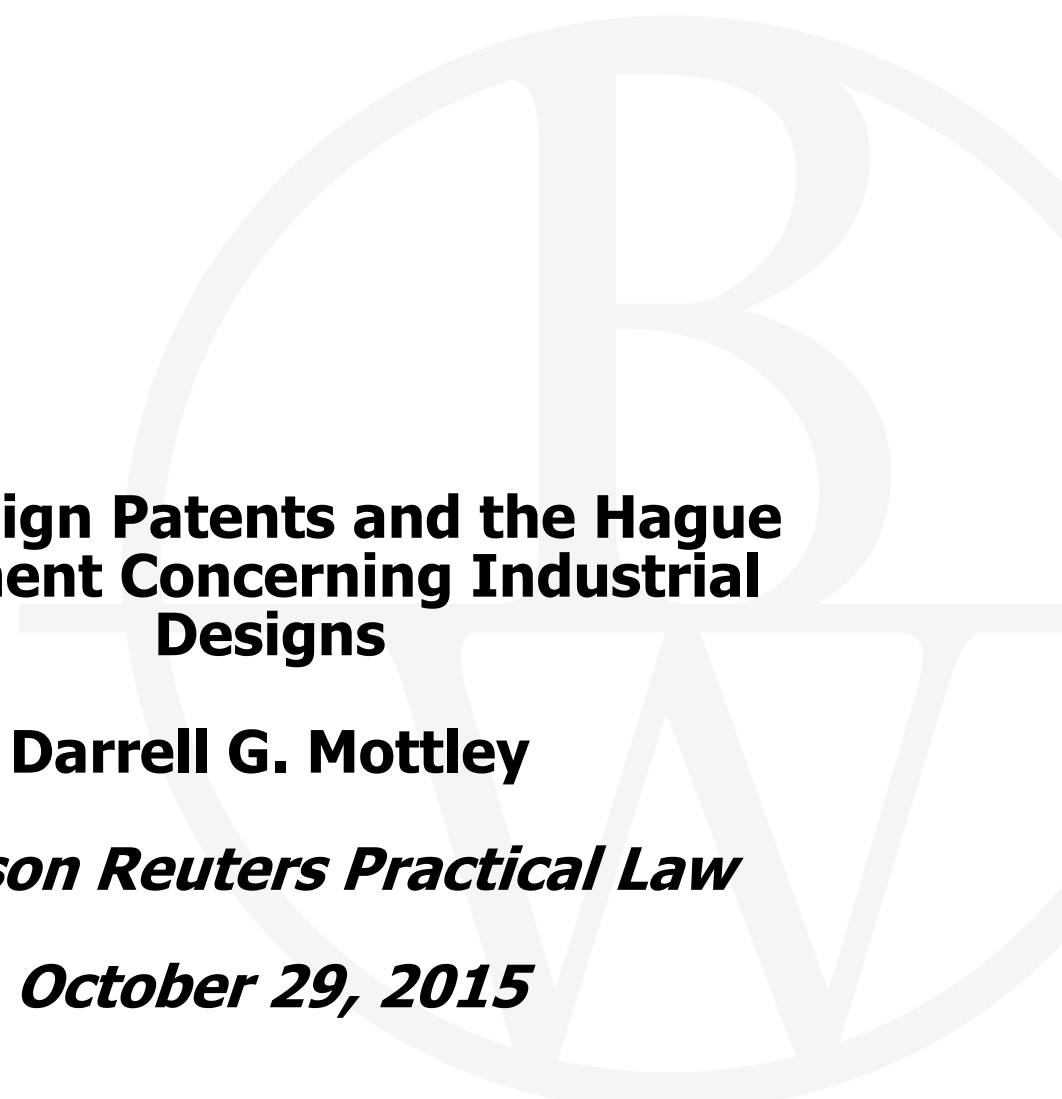
## BANNER & WITCOFF AGAIN LEADS THE WAY IN DESIGN PATENT PROCUREMENTS

For the 12th consecutive year, Banner & Witcoff obtained more U.S. design patents than any other law firm. According to the 2014 U.S. Design Patent Toteboard and confirmed by U.S. Patent & Trademark Office records, the firm procured 790 U.S. design patents.

In 2014, Banner & Witcoff worked to protect many popular and prominent designs for its clients, including Nike's Flyknit® shoes, and Microsoft's Xbox One™ gaming system and Surface™ Pro 3 tablet computer, as well as other important product designs for Nokia, Toshiba, PepsiCo and Electrolux. Demonstrating its depth of client base, last year was also

significant for Banner & Witcoff as the firm has now procured design patent portfolios of 20 or more design patents for 28 different clients.

Banner & Witcoff also continues to lead in procuring international design patent portfolios. The firm has filed hundreds of design registrations in the World Intellectual Property Office for clients who reside in member countries of the Hague System for the International Registration of Industrial Designs. The firm will seek the same international protections for U.S. clients now that the USPTO has put procedures in place for accepting Hague System applications.



**U.S. Design Patents and the Hague  
Agreement Concerning Industrial  
Designs**

**Darrell G. Mottley**

***Thomson Reuters Practical Law***

***October 29, 2015***

# US Design Patents and the Hague Agreement Concerning Industrial Designs

DARRELL G. MOTTLEY, BANNER & WITCOFF WITH PRACTICAL LAW INTELLECTUAL PROPERTY AND TECHNOLOGY

A Practice Note discussing US design patents and the Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs, which went into effect in the US on May 13, 2015. This Note addresses the new international registration system's main features and key practical implications when seeking design patent protection in the US and the rest of the world.

The Hague Agreement Concerning the International Registration of Industrial Designs (Hague Agreement) went into effect for the US on May 13, 2015. For the first time, US applicants can now file a single international design application as a vehicle to obtain design protection in a significant number of countries around the world. This may potentially reduce costs and make it easier to develop and manage a worldwide design patent portfolio.

The ornamental, non-functional aspects of an article of manufacture may be protected in many countries by using a design patent or other registered or unregistered design right. To obtain a design patent or registered design right in a particular country, the applicant typically must file an application in that country's patent office. Before the Hague Agreement, if a design patent applicant sought design patent protection in multiple countries, the applicant had to file separate design patent applications in each country, with the attendant fees, translations, local counsel and document copies. The Hague Agreement greatly simplified this process.

For more information on design protection:

- In the US, see *Country Q&A, Patents, trade marks, copyright and designs in United States: overview* (<http://us.practicallaw.com/5-501-9780>).
- Outside the US, see *Patents, trade marks, copyright and designs: Country Q&A tool* (<http://us.practicallaw.com/2-501-7481>).

## THE HAGUE AGREEMENT

Three separate treaties constitute the Hague Agreement:

- The Geneva Act of July 2, 1999 (Geneva Act).
- The Hague Act of November 28, 1960 (Hague Act).
- The London Act of June 2, 1934 (London Act).

The Geneva Act and the Hague Act are independent of each other so that a country may become a party to one or both Acts (Contracting Party). This is important because it may affect:

- Whether a particular applicant may use the international registration system created by the Hague Agreement (Hague System) (see *Applicants Entitled to Use the Hague System*).
- The countries where an applicant may obtain no protection using the Hague System (see *Geographic Extent of Protection under the Hague System*).

The key features of the Hague System are that:

- It is available only to certain applicants (see *Applicants Entitled to Use the Hague System*).
- The applicant may file a single international design application (IDA) that may cover up to 100 designs (see *The International Design Application*).
- The single IDA may lead to design protection in several countries around the world (see *Geographic Extent of Protection Under the Hague System*).
- Applicants can access the Hague System in two ways (see *Two Filing Routes to Access the Hague System*).
- Examination of the IDA is bifurcated (see *IDA Examination Generally*).

When the US implemented the Geneva Act, certain aspects of US design patent law (see *Key Changes to US Design Patent Law*) and practice changed (see *Notable Rules of Practice Concerning US-designated IDAs*).

Counsel should also bear in mind key US patent law features which may affect the client's worldwide design patent portfolio (see *Important Aspects of US Patent Law Applicable to US-designated IDAs*).

## APPLICANTS ENTITLED TO USE THE HAGUE SYSTEM

Not all applicants seeking to use the Hague System may do so. An applicant can file an IDA by using the Hague System only if it meets at least one of these criteria:

- It is a national of a:
  - Contracting Party; or
  - member state of an intergovernmental organization that is a Contracting Party, such as the European Union or the African Intellectual Property Organization.
- It is domiciled in a Contracting Party's territory.



- It has a real and effective industrial or commercial establishment in a Contracting Party's territory.

Under the Geneva Act, an applicant is also entitled to use the Hague System if it has a habitual residence in a Contracting Party. This term:

- Is taken from the Berne Convention for the Protection of Literary and Artistic Works for the Protection of Literary and Artistic Works.
- Compensates for any excessively narrow interpretation of the term domicile.

### THE INTERNATIONAL DESIGN APPLICATION

The IDA must:

- Be filed in English, French or Spanish.
- Include a reproduction of the industrial design the applicant seeks to protect.
- Identify the Contracting Parties where the applicant seeks protection.
- Include the payment, in Swiss francs, of:
  - the basic filing fee;
  - the publication fee; and
  - a fee for each designated Contracting Party.

The fees are generally payable when the applicant files the IDA, except if the applicant requests deferment of publication (see *International Formalities Review*). The applicant may then pay the fees later (see *Common Regulations Under the 1999 Act and the 1960 Act of the Hague Agreement (Common Regulations), Rule 12(2)*).

The IDA may include up to 100 different designs if the designs all belong to the same International Classification of Industrial Designs (Locarno Classification). The Locarno Classification is a list of classes and subclasses into which goods are classified for administrative purposes. The Locarno Classification can be found on the World Intellectual Property Organization's website.

For one IDA, the applicant must prepare a single set of reproductions for all of the designated Contracting Parties. Therefore, the applicant's country selection and drawings should be based on its strategy to maximize its design rights. For example, counsel should consider:

- The Contracting Party's IP rights regime, such as whether the Contracting Party accepts partial designs or shaded or unshaded figures.
- The strength of IP enforcement in the Contracting Party.
- Where the product covered by the design is to be sold.
- The likelihood of copying.
- Design prosecution and examination cost.

The applicant must also still address the Contracting Party's requirements for the design's reproductions before filing an IDA.

### GEOGRAPHIC EXTENT OF PROTECTION UNDER THE HAGUE SYSTEM

Design protection under the Hague System is available only in a Contracting Party. Where an applicant claims that it is entitled to use the Hague System based on one of the three Acts of the Hague Agreement (see *Applicants Entitled to Use the Hague System*), design protection is limited to those countries that are Contracting Parties to that specific Act.

The Hague System has a number of Contracting Parties, which includes certain intergovernmental intellectual property organizations, such as the European Union and the African Intellectual Property Organization. WIPO identifies these countries and organizations on its website. However, because the US is only a party to the Geneva Act, US applicants may currently only obtain protection in the Geneva Act Contracting Parties.

### TWO FILING ROUTES TO ACCESS THE HAGUE SYSTEM

An applicant can access the Hague System by either:

- Filing directly with WIPO's International Bureau (IB) (see *Direct Filing in the IB*).
- Indirect filing with its home patent office, for example the US Patent and Trademark Office (USPTO) for US applicants (see *Indirect Filing with the USPTO*).

#### Direct Filing in the IB

An applicant can file the IDA directly with the IB by using either a paper application form or electronically. The IDA's filing date is generally the date the IB receives the IDA, unless there is an irregularity in the IDA (see *IDA Examination Generally*).

US applicants must obtain a foreign filing license before filing in a foreign country a patent application for an invention made in the US (see 35 U.S.C. § 184). Therefore, the applicant must obtain a foreign filing license before filing the IDA with the IB. Failing to do so can result in fines and other penalties. The applicant may submit a petition, either under 37 C.F.R. § 5.12 or 5.13, to obtain a foreign filing license.

#### Indirect Filing with the USPTO

A US applicant may also file an IDA with the USPTO. As an indirect IDA filing office, the USPTO:

- Determines whether the applicant is entitled to file the IDA with the USPTO.
- Ensures that the applicant has paid the forwarding fee, which is in addition to the IDA filing fees.
- Conducts a national security review to determine whether foreign filing is appropriate.
- Forwards the IDA to the IB.

The USPTO does not conduct the formalities review, which is reserved for the IB once the USPTO forwards the IDA to the IB (see *International Formalities Review*).

When an applicant files an IDA with the USPTO, the IDA's filing date is normally the date the USPTO receives the IDA if the IB receives the IDA from the USPTO within certain time limits, otherwise the filing date is the date the IB receives the IDA (see *Common Regulations, Rules 13(3)(i) and (4)*).

#### IDA EXAMINATION

The Hague System provides a two-part procedure for obtaining design protection in each Contracting State:

- An international formalities review by the IB.
- A national examination by the designated Contracting Parties.



## International Formalities Review

The IB does not substantively examine an IDA, but instead checks the IDA to confirm that it meets the formalities requirements, including that:

- The design image reproduction quality is consistent with WIPO publication standards (see *Common Regulations, Rule 9*).
- The applicant has included the prescribed data and filing fees (see *Common Regulations, Rule 7*).

If the formalities are met, the IB:

- Registers the design in the International Register.
- Publishes the design six months after the international registration date, which is the later of the filing date or the date any irregularities are corrected. The applicant may request:
  - immediate publication to maximize the potential benefit of provisional rights (see *Provisional Rights*); or
  - a delay in publication, which is subject to the designated country restrictions on delay and which the applicant may choose to do to avoid prematurely disclosing information concerning the design.

If the IDA does not include all of the required content, the IB will send an Invitation to Correct Certain Irregularities notice. The applicant typically has three months in which to comply with the notice (see *Common Regulations, Rule 14(1)*).

## National Examination

Publication of the design starts the substantive examination period for the IDA in the designated Contracting Parties.

However, because there is no single harmonized international design law, a further examination is conducted by each designated Contracting Party that has a substantive examination system.

National industrial design regimes are generally either:

- A substantive examination system.
- A non-examination system.

In substantive examination systems, such as in the US, the proposed design is reviewed against prior art designs for novelty and non-obviousness. If the proposed design passes examination successfully, the design is enforceable against third parties.

In a non-examination system, the design is not substantively examined against any prior art. The patent office instead conducts a formalities examination similar to the review conducted by the IB. This type of system puts the burden on interested third parties to challenge the design's validity as part of invalidity proceedings in litigation or other judicial proceedings.

Where a designated Contracting Party grants design protection for the IDA, the scope of protection is geographically limited to that Contracting Party under the laws of that Contracting Party.

## Comparison with PCT Practice

Counsel familiar with filing patent applications under the Patent Cooperation Treaty (PCT), which allows the acquisition of patent rights in multiple jurisdictions by the filing of a single patent application, should note how the Hague System is different. For example, the Hague System:

- Provides that the IB conducts only a formalities examination. There is no examination on the design's merits. The local country's patent office instead conducts the formal examination on the merits after the IDA's publication. In contrast, under the PCT there is:
  - an international examination phase, where an international receiving office examines the application on the merits before the applicant must decide whether to enter the national phase; and
  - a national phase where the local patent office conducts its own formal examination on the merits under the local country's laws, although often the local country relies on the international examination.
- Requires the applicant to select the countries where it seeks protection when it files the IDA while the PCT allows the applicant to delay selection of the countries where the applicant seeks protection until 30 months from the earliest claimed priority date.

## KEY CHANGES TO US DESIGN PATENT LAW

Although the Hague System focuses on the international procedural aspects of design applications, certain changes in US design patent law came into effect under the Patent Law Treaties Implementation Act of 2012 (PLTIA) to implement the provisions of the Geneva Act of the Hague Agreement. The most important changes for US design patent applications filed on or after May 13, 2015 in response to the PLTIA, include:

- Increasing the design patent term from 14 years to 15 years from issuance (see *35 U.S.C. § 173*).
- Allowing the applicant to claim US domestic and foreign priority from the IDA (see *35 U.S.C. §§ 386(a)-(c)* and The Geneva Act, Art. 6) (see *Priority*).
- Providing provisional rights (see *Provisional Rights*).

## PRIORITY

For domestic priority, a US-designated IDA may be used as a priority national application for later US continuation and divisional applications (see *35 U.S.C. § 120*).

For foreign priority, the six month Paris Convention right of priority still applies (see *35 U.S.C. § 172*) and a US-designated IDA is entitled to a right of priority based on any of the following previously filed:

- Foreign application, such as a prior foreign design application or foreign utility patent application.
- PCT application as defined in Section 351(c) of the Patent Act designating at least one country other than the US (see *35 U.S.C. § 351(c)*).
- IDA designating at least one country other than the US.

## PROVISIONAL RIGHTS

Since May 13, 2015, design patent owners have provisional rights resulting from publication of a US-designated IDA (see 35 U.S.C. § 390 and § 154(d)). These provisional rights may entitle a design patent owner to a reasonable royalty from any person who makes, uses, offers for sale or sells in the US the claimed design, or imports the claimed design into the US:

- During the period between the IDA's publication and the design patent issue date.
- Where the issued design patent covers a design that is substantially similar to the IDA's published design.

(See 35 U.S.C. § 154(d).)

While provisional rights and publication offer benefits, there may be some practical drawbacks that counsel should consider. Specifically, because a US-designated IDA can claim US domestic priority under Section 120 of the Patent Act to a previously filed US non-provisional design application under certain circumstances (see 35 U.S.C. § 120 and § 386(a)-(c)), the IDA's publication allows the public to access the parent US non-provisional design application (see 37 C.F.R. § 1.14). In contrast to an IDA, US non-provisional design patent applications are generally kept secret until they are granted (see 35 U.S.C. § 122(b)(2)(A)(iv)). Therefore, applicants must weigh the benefits of having their designs in the IDA published to obtain provisional rights along with the timing of the IDA publication against allowing the public to gain access to any US priority application.

## NOTABLE RULES OF PRACTICE CONCERNING US-DESIGNATED IDAS

While the Hague System may streamline design application filing across multiple jurisdictions, not all rules are consistent among the various Contracting Parties. The US aligned its obligations under the Hague Agreement with US design law by imposing special requirements on any applicant in a US-designated IDA. The USPTO recently established final rules to implement these requirements (see 37 C.F.R. §§ 1.1001-1.1071) including the following:

- Any IDA that designates the US must include a specification and a claim. The claim language must be consistent with US design law requirements (see 37 C.F.R. §§ 1.1024 and 1.1025).
- The claim language must be in the form of an "ornamental design" of the subject article "as shown" or "as shown and described" (see 37 C.F.R. § 1.1025).
- IDAs designating the US can include no more than one claim directed to only one independent and distinct design for examination (see 37 C.F.R. §§ 1.1025 and 1.1064).
- An IDA applicant cannot request deferment of publication where it designates the US (see 37 C.F.R. § 1.1028). This is because US design law includes no provisions for design patent application publication generally and therefore no provision for publication deferment (see 35 U.S.C. § 122(b)(2)(A)(iv)).
- IDAs designating the US must also include an oath or declaration for filing in the US (see 37 C.F.R. § 1.1021(d)(3) and § 1.1067(b)).
- Any applicant designating the US must pay part of the designation fee at the time of filing and the rest at the time of allowance (see Rule 12(3) of the Common Regulations). Paying this two-part fee:

- relieves the applicant from having to file any renewals with WIPO to maintain a later-issued US patent in force; and
- covers the design patent's entire 15-year term (see 37 C.F.R. § 1.1031(e)).
- Any correction or change in an IDA by the IB must also be sent to the USPTO before the change is applicable to the US application (see 37 C.F.R. § 1.1065).
- The USPTO has 12 months from publication of the IDA, rather than the standard six months, to communicate any reason of refusal to WIPO (see 37 C.F.R. § 1.1062(b) and *No Automatic Grant of a US-designated IDA*).
- The USPTO may refuse to transmit an IDA to the IB if doing so threatens national security (see 37 C.F.R. § 1.1002(b)(4)).

## IMPORTANT ASPECTS OF US PATENT LAW APPLICABLE TO US-DESIGNATED IDAS

In addition to the Hague System and US design patent law changes, counsel should consider the following other aspects of US law that may affect their clients' design patent portfolio strategy, development and management:

- The changes to US patent law under the AIA apply to the new design law (see *New Law Incorporates AIA changes*).
- The US does not automatically grant a design patent from a US-designated IDA (see *No Automatic Grant of a US-designated IDA*).
- The US continues to focus on a single design invention (see *New Law Continues Focus on Single Design Inventions*).
- Expedited examination is available (see *Expedited Examination*).
- Applicants should still submit information disclosure statements (see *Information Disclosure Statements*).
- Applicants must file an inventor oath or declaration (see *Inventor Oath or Declarations*).
- Owners of a US design patent may record the assignment with the USPTO (see *Ownership and Assignment Considerations*).
- US counsel should be used for US-designated IDAs (see *Need for US Counsel for US-designated IDAs*).

## NEW LAW INCORPORATES AIA CHANGES

The Leahy-Smith America Invents Act (AIA) amended the US patent laws to, among other things, convert the US patent system from a first-to-invent system to a first-inventor-to-file (FITF) system. A patent application with at least one claim having an effective filing date on or after March 16, 2013, is examined under the FITF provisions. The AIA also created several new USPTO procedures that can be used to challenge an issued patent's patentability.

For more information on the AIA, see *Practice Note, Leahy-Smith America Invents Act: Overview* (<http://us.practicallaw.com/6-508-1601>).

IDAs designating the US have the same legal effect as a regularly filed US design patent application (see *Hague Agreement, Art. 14(1)* and 35 U.S.C. § 385). IDAs are now:

- Examined under the AIA's FITF system.
- Subject to post-grant and inter partes review proceedings.



## NO AUTOMATIC GRANT OF A US-DESIGNATED IDA

In certain situations where the designated Contracting Party does not substantively examine design applications, the Hague Agreement provides that the international registration of an IDA has the effect of a grant of protection in the designated Contracting Party. However, the Hague Agreement allows a designated Contracting Party to refuse to provide protection, in part or in whole, to any industrial design that does not meet that Contracting Party's legal requirements (see *Geneva Act, Art. 12*). Therefore, despite the Hague Agreement's language, US law and rules clarify that the USPTO cannot grant design patent protection until it grants a separate US design patent (see *35 U.S.C. §§ 151 and 389(d)* and *37 C.F.R. § 1.1071*).

## NEW LAW CONTINUES FOCUS ON SINGLE DESIGN INVENTIONS

Although an IDA may include a maximum of 100 designs, a Contracting Party may have a unity of design requirement that reduces that cap (see *Hague Agreement, Art. 13(1)*). For example, in the US, a design patent must be directed to a single design invention but may contain multiple embodiments of the same inventive concept (see *MPEP §§ 1502.01(D) and 1504.05*; *In re Rubinfeld, 270 F.2d 391, 395 (C.C.P.A. 1959)* and *37 C.F.R. § 1.1064*).

If a US design patent application discloses more than one patentably distinct design, the USPTO issues a restriction requirement directing the applicant to:

- Select one of the designs to pursue in the application, unless the applicant successfully rebuts the restriction requirement.
- Separate out and file divisional applications for the non-elected designs, with the corresponding additional fees.

(*35 U.S.C. § 121*.)

As a result, while an applicant may include many designs in one US-designated IDA, the applicant may still need to file multiple divisional applications to obtain US protection of the different designs.

## EXPEDITED EXAMINATION

Expedited examination is one major benefit of filing a US design patent application. Expedited examination is available to design applicants who first:

- Conduct a preliminary examination search.
- File an information disclosure statement, proper drawings and a request for expedited treatment.
- Pay the required fee.

(See *37 C.F.R. § 1.155*.)

An applicant can request the expedited examination immediately on filing. After expedited examination, the USPTO can issue a US design patent in as little as 60 days.

Expedited examination is available for a US-designated IDA only:

- After publication by WIPO.
- On a request made directly to the USPTO by local US patent counsel.

(See *37 C.F.R. § 1.155(a)(1)*.)

## INFORMATION DISCLOSURE STATEMENTS

US patent law requires that anyone associated with the filing and prosecution of a patent application deal with the USPTO with candor and in good faith. This duty includes a duty to disclose information that is material to patentability (see *37 C.F.R. § 1.56*). Failure to comply with the duty of disclosure can render a patent unenforceable for inequitable conduct. Therefore, an applicant should ensure that it complies with the duty of disclosure in connection with an IDA.

The most common way to provide information to the USPTO during the prosecution of a patent application is in an Information Disclosure Statement (IDS), which must be submitted within certain timeframes to ensure the patent examiner considers it. For example, an IDS can be filed either:

- At the same time that the IDA is filed, using a WIPO prescribed form.
- With the USPTO within three-months after WIPO publishes the IDA.

(See *37 C.F.R. § 1.97(b)*.)

Some fees may be applicable in certain situations (see *37 C.F.R. § 1.97*).

Because the IDS is a US patent prosecution form, US patent counsel, registered to practice before the USPTO, should file it. The completed IDS form should typically be filed after WIPO publishes the IDA.

## INVENTOR OATH OR DECLARATIONS

Counsel should be aware of the changes to the US inventor's oath or declaration requirements under the AIA for design patent applications filed directly in the USPTO (see *Legal Update, USPTO Final Rules Implementing the Inventor's Oath or Declaration Provisions of the AIA* (<http://us.practicallaw.com/7-520-8529>)). These changes allow:

- An assignee to file the oath or declaration as the applicant.
- An oath or declaration filing to be postponed until the application is otherwise in condition for allowance.
- Reusing a previously signed oath or declaration.
- Providing a substitute oath or declaration in situations where the oath or declaration cannot be signed by the inventor because, for example, the inventor:
  - is deceased;
  - is legally incapacitated;
  - refuses to sign the oath or declaration; or
  - cannot be located to sign the oath or declaration after a diligent effort.
- The oath or declaration to be made in an inventor's assignment form, which can be recorded with the USPTO.

(See *37 C.F.R. §§ 1.63 and 1.64*.)

For a US-designated IDA:

- The IB performs a formal review of the inventor oath or declaration.
- The WIPO prescribed oath or declaration should be filed with the IB (see *Annex I to DM/1* and *37 C.F.R. § 1.1021(d)* and *§1.1067*).

- If the applicant does not initially file a signed oath or declaration with the IDA, then the IB issues an invitation to the applicant to submit a signed oath or declaration. If the applicant does not file the oath or declaration within the time limit prescribed by the IB, then the IB deletes the designation in the IDA to the US and the US rights under the IDA may be abandoned (see *Geneva Act, Art. 8*).
- The applicant should submit a WIPO prescribed substitute oath or declaration in cases where it is not signed by the inventor because of one of the four problems described above.

### OWNERSHIP AND ASSIGNMENT CONSIDERATIONS

Under US patent law, the inventor or joint inventors retains ownership of the invention unless they assign those rights to another entity. An assignee should record an invention assignment in the USPTO because recordation:

- Perfects transfer of ownership of the patent rights and provides proof that the assignee:
  - can file a terminal disclaimer to overcome an obviousness-type double patenting rejection; and
  - bring an enforcement action of the issued patent in the assignee's name.
- Ensures that the USPTO issues the patent in the assignee's name.

The IB provides a form to change an IDA's applicant but has no mechanism for recording assignments. Applicants using the Hague System should not assume that designating the US and including the applicant assignee's name on the WIPO form is effective under US law to perfect ownership rights in the IDA. Counsel for the IDA applicant should instead record an assignment signed by the inventors directly in the USPTO. This can be performed after WIPO publishes the IDA.

Counsel should also consider that any recording of a partial change in ownership in the International Register under The Hague Agreement's Common Regulations Rule 21(7) concerning a transfer of less than all designs is not effective in the US (see *37 C.F.R. § 1.1065(b)*).

### NEED FOR US COUNSEL FOR US-DESIGNATED IDAS

The USPTO continues to substantively examine design patent applications and grant US design patents whether the application is an IDA or regular US design patent application. Therefore, during substantive examination of the IDA in the US, foreign applicants must still engage US patent counsel to:

- Respond to office actions issued by the USPTO.
- Perfect foreign priority and file other documents, such as an IDS, once WIPO publishes the IDA.

#### ABOUT PRACTICAL LAW

Practical Law provides legal know-how that gives lawyers a better starting point. Our expert team of attorney editors creates and maintains thousands of up-to-date, practical resources across all major practice areas. We go beyond primary law and traditional legal research to give you the resources needed to practice more efficiently, improve client service and add more value.

If you are not currently a subscriber, we invite you to take a trial of our online services at [practicallaw.com](http://practicallaw.com). For more information or to schedule training, call **888.529.6397** or e-mail [training.practicallaw@thomsonreuters.com](mailto:training.practicallaw@thomsonreuters.com).



**Infringements in the Modern World  
— The Unsavory Side of 3D Printing  
and Digital Replicas**

**Robert S. Katz**

***Design Management Review***

***November 25, 2015***

By Robert S. Katz

**With the advent of cheaper 3D printing and scanning technology comes a host of legal issues. It's best to be prepared for the inevitable.**

**O**NCE UPON A TIME, KNOCK-OFF products were fodder for swap meets, the corners of city streets, and the websites of Internet retailers. While knock-off products can still be found at these locations, technological advancements have created the opportunity and market for new types of infringements. These modern infringements include the creation, selling, and use of 3D printable files and 3D virtual model files that substantially replicate the original products created by others. If your company is making products that are commercially sold to consumers, the chances are high that it has and will experience these types of infringements.

3D printing and 3D scanning technologies have advanced by leaps and bounds. Printers and scanners that once sold for tens of thousands of dollars now cost a few hundred and can be found in many private residences. Scanners, for instance, are available for less than \$500 and can easily produce high-quality digital models. New software programs have also created a relatively easy way for a series of digital photos to be stitched together to create unauthorized digital models. Some of the computer models are impressively realistic and can be used to create 3D printable files and 3D virtual model files. Those who convert real-life designs into digital models

usually do so purely for profit. Once created, many of these unauthorized files are sold on Internet websites.

3D printers have also dropped in price to less than \$500, and they will continue to drop in price and improve in quality as technology continues to evolve. A user merely needs to purchase and download a 3D printable file and, with the press of a button, can 3D-print a product that corresponds to the original.

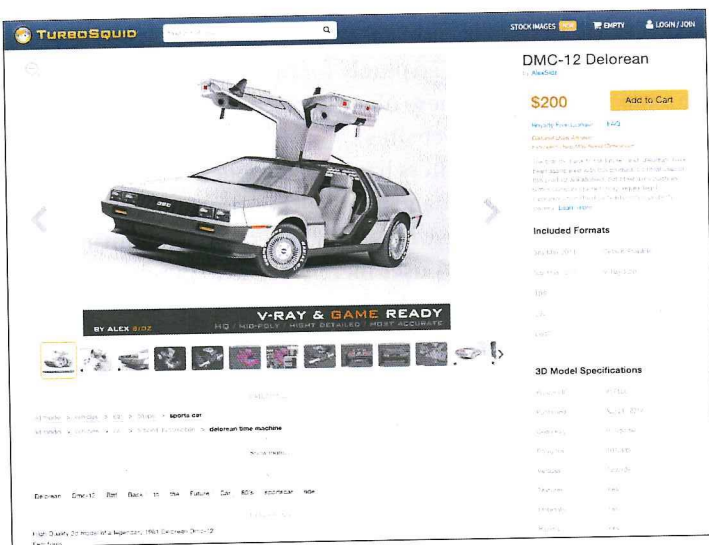
Users can also download unauthorized 3D virtual model files. These files can be used in a wide range of applications, including computer programs, movies and videos, video games, advertisements, and virtual worlds. This is virtual design theft—the unauthorized creation, sale, or use of a digital model of a real-life design. Content creators who purchase these files usually want to impart realism to their applications, games, or movies, or simply want to avoid the effort of creating an original design. Participants in such virtual worlds as *Second Life* commit design theft because they want their avatars to have desirable, albeit virtual, things. For example, it's possible to purchase and download a 3D virtual model file of a DeLorean DMC-12 for \$200 and use it as desired in a computer game or other application.

These unauthorized 3D printable files and 3D virtual model files are commonly sold on

# Modern Infringements: The Unsavory Side of 3D Printing and Digital Replicas



To obtain the full scope of monetary remedies available, patent marking is required for design patents just as it is required for utility patents.

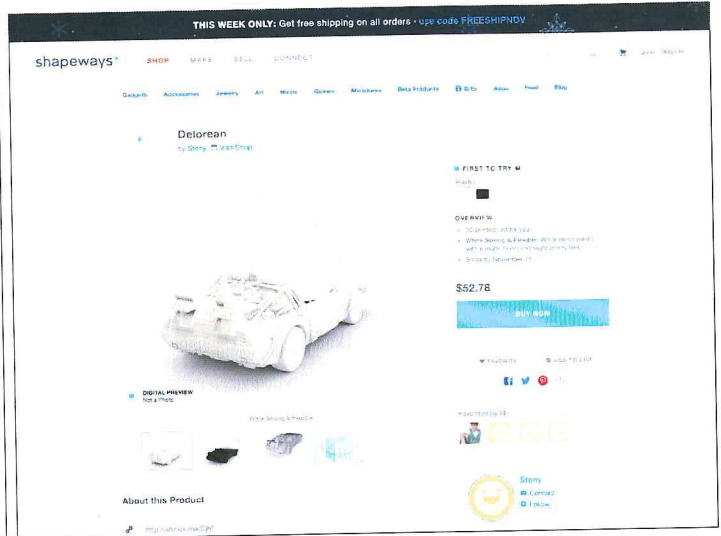


**FIGURE 1 (LEFT)**

*This 3D-printable file of a DeLorean car can be had for \$52.78.*

**FIGURE 2 (RIGHT)**

*Participants in Second Life or similar online games can purchase a 3D virtual model file of a DeLorean DMC-12 for \$200—available in five file types.*



specialized websites. It should be noted that these websites include many original and non-infringing 3D printable files and 3D virtual model files. However, it would appear that at least some of them replicate third-party products. It is unlikely that a license or permission has been granted by the creator or rights holder.

### Some forms of protection

Currently, small plastic articles are the most susceptible to being copied and printed in people's own homes. However, with more and more companies competing to provide the market with easy-to-use printers and scanners at the cheapest price, further advancement and more widespread unauthorized use is expected. As all of this technology advances and provides many legitimate personal and commercial uses, one can be sure that third parties will exploit this technology for uses that would seemingly violate the intellectual property rights of others.

Believe it or not, many digital models are of people. In other words, you can download a digital model of a person and, based on the file type, either print out a 3D figurine of that person or digitally use a 3D virtual model. It's possible to download and 3D-print a 4-inch-tall figurine of Keanu Reeves for \$45, or to download a virtual model file of Leonardo DiCaprio's head for \$39. There is, of course, no

indication that these digital models are authorized by the persons they replicate.

Can the owner of the design stop this activity? The answer is not as simple as it may seem. In some cases, protection under the design patent, trademark, and/or copyright laws may provide some basis for protection. In other cases, there may be little that creators can do about virtual design theft, and they must adapt accordingly. The answer will likely be fact-specific, and the law is still developing for some forms of intellectual property rights with respect to digital models.

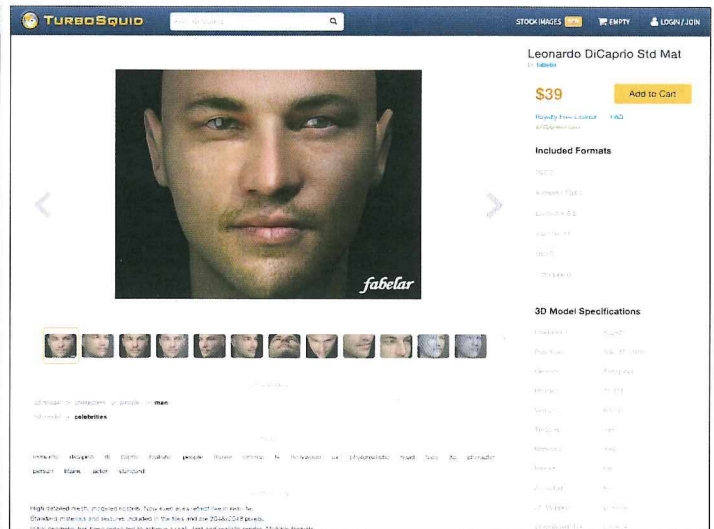
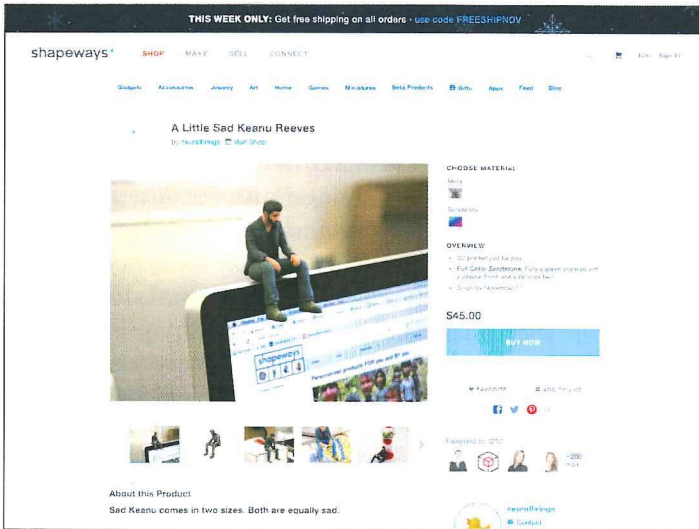
Let's look at some of the possibilities for intellectual property protection.

### DESIGN PATENT LAWS

With 15 years calculated from the date grant, design patents are typically the best form of intellectual property for protecting the appearance of an article. Design patent rights are not created automatically; a creator needs to file a design patent application with the US Patent & Trademark Office (USPTO) to attempt to procure the rights. Provided that the design claim in the design patent application is found to comply with statutory requirements, including novelty and non-obviousness tests, the USPTO will grant the design patent. (Because there are pitfalls to the design patent process for inexperienced

**Notes**

1. For more on this case, see Omer Salik and Neil Yang, "An Important Win for Video Games in Design Patent Case," at [www.law360.com](http://www.law360.com).



**FIGURE 3 (LEFT)**  
A 3D virtual model file will create a figurine of Little Sad Keanu Reeves and cost you \$45.

**FIGURE 4 (RIGHT)**  
You can buy this 3D virtual model file of Leo DiCaprio's head for a quick \$39.

practitioners, anyone seeking design patent rights is advised to use experienced design patent counsel.)

Assuming that a design patent has been granted to an original design for an article of manufacture, any person who downloads an unauthorized 3D printable file and makes a 3D print of the protected design would be an infringer—even if he or she were unaware that the product was covered by a design patent. Making, using, selling, offering to sell, or importing an article covered by a design patent are all forms of infringing activity. Creating and/or selling an unauthorized 3D printable file corresponding to a design claimed in a design patent could also potentially create liability for the creator or the seller of the file. However, the law is unsettled as to whether the seller would be liable as a direct infringer of the design patent.

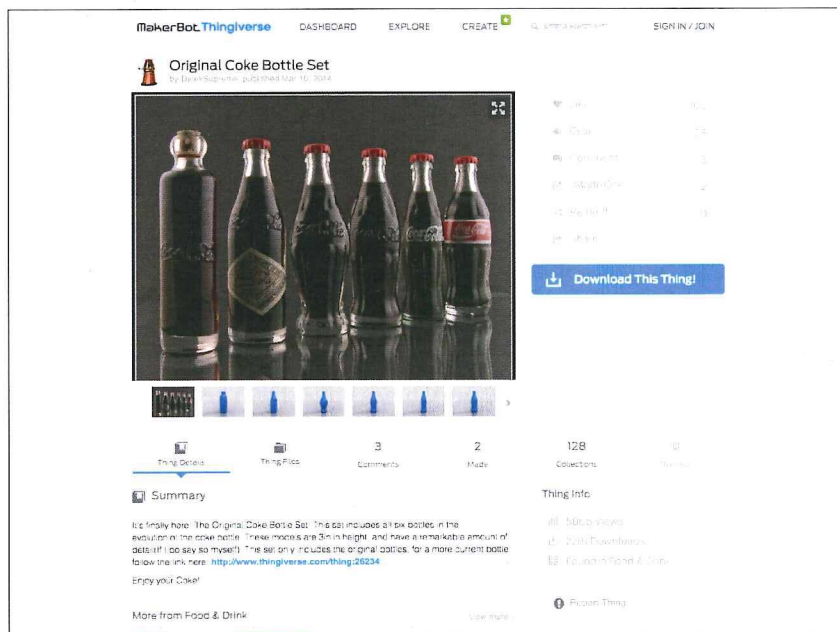
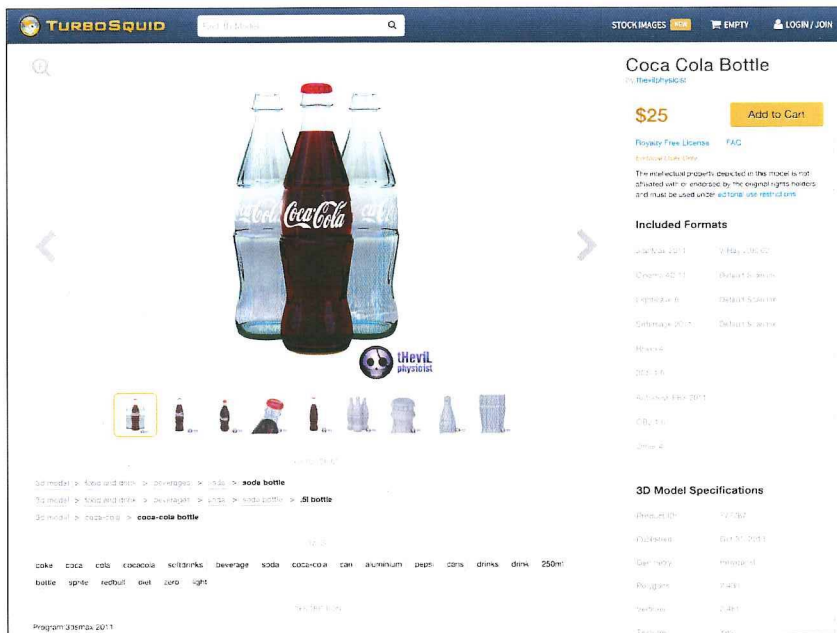
But is the unauthorized creation or use of 3D digital model file that replicates a design claimed in a design patent an infringement of that design patent? This legal issue may be subject to interpretation. Based on the language of US design laws, a strong argument could be made that these actions constitute direct patent infringement. The argument would be based on the statutory interpretation of Section 171: that a design patent protects the *design*, not just

the corresponding *article of manufacture*. Under that interpretation, the design patent right should extend to the use of the design as a digital model even if there is no traditional article of manufacture. An alternative argument (based on a recent case decided by the International Trade Commission) could be made that the digital model file is an article of manufacture.

However, a contrary argument could be raised by an accused infringer. That argument would rest on a recent decision by the Eastern District of Arkansas.<sup>1</sup> In that case, P.S. Products sued Activision for patent infringement of a US design patent that involved a design for a stun gun in the shape of brass knuckles. The accused product was a virtual stun gun that could be manipulated like brass knuckles by a virtual character in Activision's video game Call of Duty: Black Ops II. Notably, that particular weapon did not even remotely visually resemble the design in the design patent. Instead of dismissing the case, the court appeared to misconstrue the design patent infringement test and dismissed the action because "[n]o reasonable person would purchase defendant's video game believing that they were purchasing plaintiff's stun gun."

So while there is some uncertainty relating to enforcement of design patents against 3D model file creators and users, it is believed by





FIGURES 5 AND 6

Despite the federally registered trademark, 3D virtual model files and 3D printable files corresponding to this Coca-Cola bottle can be purchased and downloaded from the Internet for around \$25.

many practitioners that future courts may still side with design patentees on this issue for the reasons stated above.

With regard to remedies, if design patent infringement is found, the patentee is entitled to elect to recover infringer's profits. Alternatively, the patentee can elect to receive damages, which can be in the form of a reasonable royalty. In addition, patent laws authorize courts to triple the damages in cases of willful infringement. To obtain the full scope of monetary remedies available, patent marking is required for design patents just as it is required for utility patents. In many cases, the design patentee may also be entitled to injunctive relief.

### TRADEMARK LAW

Trademark law protects consumers against source confusion in the marketplace. Trademark rights can be more beneficial than other forms of intellectual property because the owner can potentially extend the term of the trademark indefinitely as long as the mark remains in use. To be entitled to trademark rights, the mark has to be capable of functioning as a source identifier, and cannot be confusingly similar to existing marks. While common-law trademark rights attach upon use of the mark, it is wise to get a federal trademark registration if the mark is used in interstate commerce.

Traditional trademarks, such as the name or logo of the product or manufacturer, can provide relevant protection against unauthorized 3D printable files and 3D virtual model files. Specifically, if the trademark name or logo is applied without permission to a 3D printable file or on a 3D virtual model file, the trademark owner will likely have a good argument for infringement because trademark law is tailored to protect consumers and stop such activities.

However, non-traditional trademarks, such as the configuration of a product or its trade dress, can sometimes also provide protection against unauthorized 3D printable files and 3D virtual model files. Product configuration trademarks include non-functional aspects of the

## In one well-known decision, the US Supreme Court found that a lamp base shaped like a human figure was protectable as a sculptural work because it was separable from the lamp itself.

product itself that have acquired distinctiveness. Distinctiveness is acquired by substantially exclusive and continuous use of the mark in commerce, such that the primary significance of the product configuration, in the minds of consumers, is the product's source. The classic example would be the Coca-Cola bottle. US Trademark Registration No. 696147 was granted to Coca-Cola for carbonated soft drinks in 1960, and it is still in force today.

Be that as it may, you can still purchase and download 3D virtual model files and 3D printable files corresponding to that trademark bottle for digital use, as well as for 3D printing. Here, Coca-Cola *may* have a trademark cause of action if those files are being used in commerce in connection with a good or service that is likely to cause confusion about its origin. This “likelihood of confusion” test considers many factors, and any outcome is likely to be fact-specific. However, even if the trademark owner cannot prove likelihood of confusion, he or she may still be successful under the theory of trademark dilution in cases where the trademark is famous.

### COPYRIGHT LAW

Copyright grants exclusive rights to the creator of an original work for its use and distribution, including its virtual use and distribution. A unique attribute of copyright law is that the creator does not have to do anything to be entitled to protection. However, timely registration with the Copyright Office is highly recommended as it may entitle the owner to statutory damages and attorney's fees. If the work has not been registered, the owner will need to obtain a copyright registration before copyright can be enforced. Should a particular design be copyrightable, the term of that copyright is long: the remaining life of the author, plus 70 years. If the work is a corporate authorship, the term is 95 years from publication or 120 years from creation, whichever expires first.

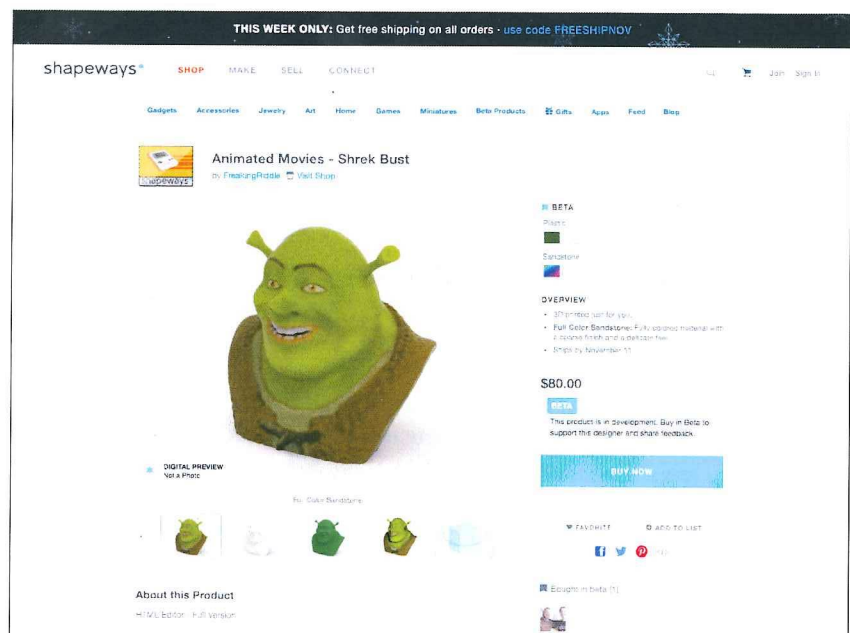
Provided that the copyright is found to be valid, the owner of a valid copyright that covers a design should typically have a strong case against those

creating and selling unauthorized 3D printable files and 3D virtual model files. However, the strength of that case may hinge on the type of use. There are a number of defenses that could be raised by an accused infringer, including a “fair use” defense, where use is for educational (as opposed to commercial) purposes. You can buy a 3D printable file for a figurine of the bust of the title character from the movie *Shrek*, and you can buy a 3D virtual model file of the characters in the *South Park* TV show, but most uses of these will likely infringe on the owner's copyright.

Many works of art are part of articles. If the article is deemed to be a “useful article”—that is, an object having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information—protection will be afforded based on a “separability” test. The separability test permits copyright protection for graphical, pictorial, or sculptural features that are physically or conceptually separable from the useful article. For example, in one well-known decision, the US Supreme Court found that a lamp base shaped like a human figure was protectable as a sculptural work because it was separable from the lamp itself.

### FIGURE 7

*The creators, sellers, and likely the users of a 3D printable file for this Shrek figurine are probably infringing on the owner's copyright.*



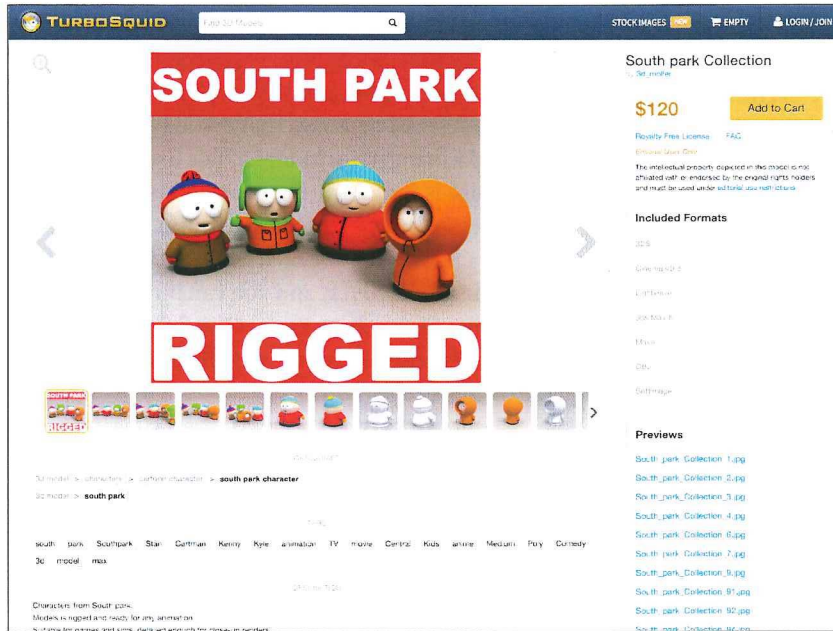




**Robert S. Katz**, a principal shareholder in the Washington, D.C., office of the IP law firm *Banner & Witcoff*, is considered a premier practitioner in the field of industrial designs. He has helped procure more than 5,500 design patents in the United States, and more than 15,000 design patents/

registrations outside the country. He is a former US Patent and Trademark Office utility patent examiner. He has a mechanical engineering degree from Carnegie-Mellon and a JD from George Washington University School of Law. He is a professor of design law at George Washington

University School of Law and holds leadership positions in INTA, FICPI, and AIPLA. Please see <http://bannerwitcoff.com/rkatz/> for more details.



**FIGURE 8**  
This 3D virtual model file of the characters in South Park will cost you \$120 and is arguably in violation of copyright law.

**RIGHT OF PUBLICITY**

As described above, many unauthorized 3D printable files and 3D virtual files corresponding to public figures are available for purchase and downloading. While digital models or 3D figurines of people may not infringe any design patents, trademarks, or copyrights, they may infringe a person’s right of publicity. The right of publicity limits the right of others to use the name, likeness, and/or identity of another, particularly for commercial purposes. The majority of states recognize the right of publicity, and the test can vary somewhat state to state. However, this right is also balanced against First Amendment rights in a number of cases.

**Whether and how to enforce**

These new types of infringement models raise new questions regarding enforcement. In addition to whether there is an enforceable right that is being infringed upon, there are many supplemental issues to consider, including whether the property owner should enforce his or her intellectual property rights, and if so, how. (Much has been learned in recent years from the difficulties of enforcing MP3s against unauthorized downloads.) The intellectual

property holder needs to be concerned with the court of public opinion, and he or she should also plan on publicity being drawn to the enforcement. Other considerations include whether the intellectual property holder is suffering lost revenue, the quality of the unauthorized digital model, the impact on branding, and a host of other considerations. For potential violations of trademark rights, the trademark owner may need to enforce to maintain the validity of the trademark rights. Against this backdrop, a premium will be placed on creative ways of enforcement that deter further infringement while maintaining or increasing the brand of the company

Technology advancements have led to new models of appropriating the designs of the creators. Based on the facts relating to the underlying design and how it has been appropriated, design patent rights, trademark rights, and copyright rights may provide a sufficient basis to stop the potential infringement. It is prudent for a creator to take all steps to perfect these rights so that all possible enforcement options are available. If there is an infringement, special considerations should be given to whether to enforce and how. ■

# LITIGATION



**Supreme Court Overturns *De Novo*  
Review of Patent Claim Construction**

**Shawn P. Gorman and  
R. Gregory Israelsen**

***Banner & Witcoff Intellectual  
Property Alert***

***January 22, 2015***



## Intellectual Property Alert: Supreme Court Overturns *De Novo* Review of Patent Claim Construction

By Shawn P. Gorman and R. Gregory Israelsen

Jan. 22, 2015 — On Tuesday, in *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, the Supreme Court reversed long-standing Federal Circuit precedent under which patent claim construction was reviewed wholly *de novo*. Specifically, the Court held that while part of a district court’s claim construction should be reviewed *de novo*, its factual findings are reviewed for clear error. The opinion responded to last year’s Federal Circuit *en banc* opinion in *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, which reaffirmed 6–4 the Federal Circuit’s historical treatment of claim construction as a purely legal issue subject only to *de novo* review. In *Teva*, the Supreme Court validated many of the *Lighting Ballast* dissent’s arguments, and responded to many of the majority’s concerns.

### **Background**

Teva Pharmaceuticals is the assignee of the disputed patent, which is directed toward a manufacturing method for the multiple sclerosis treatment drug Copaxone. Teva filed suit against Sandoz and others for patent infringement based on their attempts to market a generic version of Copaxone.

At trial, the meaning of “molecular weight” was disputed based on a claim limitation reciting a “molecular weight of 5 to 9 kilodaltons.” Sandoz argued the term was indefinite because the molecular weight could differ based on which molecules are used in the calculation. Because the claims did not specify the particular method of calculation, the district court consulted evidence extrinsic to the patent to determine how to interpret the claims—specifically, expert testimony regarding how one of ordinary skill in the art would have measured molecular weight. The district court agreed with Teva’s expert and, therefore, found the patent valid.

On appeal, the Federal Circuit reviewed the district court’s claim construction entirely *de novo*, per its long standing practice and precedent. The Federal Circuit disagreed with the district court’s determinations regarding Teva’s expert, but did not hold that they were “clearly erroneous.” The Supreme Court granted certiorari to clarify the standard of review that the Federal Circuit—which “reviews the claim construction decisions of federal district courts throughout the nation”—must apply when doing so.

## **The Proper Standard**

The Court deferred to the “clear command” of Federal Rule of Civil Procedure 52(a)(6), which states that “a court of appeals ‘must not set aside’ a district court’s ‘findings of fact’ unless they are clearly erroneous.” In the majority’s view, “this rule and the standard it sets forth must apply when a court of appeals reviews a district court’s resolution of subsidiary factual matters made in the course of its construction of a patent claim.”

While patent claim construction is ultimately a matter of law, a patent’s claims may sometimes use “technical words or phrases not commonly understood.” And “those words may give rise to a factual dispute.” Sometimes those disputes may be resolved solely by considering intrinsic evidence—e.g., the figures or written description of a patent. But a judge often must consider extrinsic evidence, such as expert testimony, to resolve those questions of fact. It is those subsidiary factual findings that are reviewed “under the ‘clearly erroneous’ standard” established by Rule 52(a)(6). The Court noted, however, that the Federal Circuit will continue “to review *de novo* the district court’s ultimate interpretation of the patent claims.”

After “set[ting] forth *why* the Federal Circuit must apply clear-error review when reviewing subsidiary factfinding in patent claim construction,” the majority gave an implicit nod to the *Lighting Ballast* majority in explaining “*how* the rule must be applied in that context.” For example, the Court explained that “‘experts may be examined to explain terms of art, and the state of the art, at any given time,’ but they cannot be used to prove ‘the proper or legal construction of any instrument of writing.’” Thus, the Federal Circuit “can still review the district court’s ultimate construction of the claim *de novo*. But, to overturn the judge’s resolution of an underlying factual dispute, the [Federal Circuit] must find that the judge, in respect to those factual findings, has made a clear error.”

As an example of how to apply the correct standard, the Court applied its framework to “an instance in which Teva . . . argue[d] that the Federal Circuit wrongly reviewed the District Court’s factual finding *de novo*.” When considering the proper construction for the “molecular weight” in Teva’s Copaxone patent, the district court “credited Teva’s expert’s account, thereby rejecting Sandoz’s expert’s explanation.” The Federal Circuit, by contrast, failed to accompany its rejection of Teva’s expert’s opinion with a “finding that the District Court’s contrary determination was ‘clearly erroneous.’” Thus, the Court held, “the Federal Circuit was wrong.”

## **The Dissent**

Justice Thomas authored a dissenting opinion, joined by Justice Alito. While the dissent agreed with the majority that “there is no special exception to Federal Rule of Civil Procedure 52(a)(6)

for claim construction,” the dissent argued that claim construction does not involve findings of fact, and therefore Rule 52(a)(6) does not apply.

“Patents are written instruments,” the dissent argued, “so other written instruments supply the logical analogy.” For example, “[t]he classic case of a written instrument whose construction does *not* involve subsidiary findings of fact is a statute.” And the dissent reasoned that “[b]ecause they are governmental dispositions and provide rules that bind the public at large, patent claims resemble statutes,” instead of contracts and deeds. Therefore, “because the ultimate meaning of a patent claim, like the ultimate meaning of a statute, binds the public at large, it should not depend on the specific evidence presented in a particular infringement case.” The majority, by contrast, said the dissent, “has not justified applying a different rule to the construction of legislative acts that take the form of a patent.”

To the dissent, even “the ‘fact’ of how a skilled artisan would understand a given term or phrase at a particular point in history” should not be considered a factual finding. The “skilled artisan inquiry” is “a legal fiction; it has no existence independent of the claim construction process.” Citing *Markman v. Westview Instruments, Inc.*, the dissent argued that “this characteristic of claim construction” is what distinguishes it “from other patent determinations that must go to a jury.” Therefore, reasoned the dissent, these determinations should be “categorized as ‘conclusions of law,’” and would “fall[] outside the scope of Rule 52(a)(6).”

### **Possible Future Impacts**

Based on the unique facts of each case, different panels of the Federal Circuit may come to different conclusions regarding what constitutes clear error. The majority and dissent both agree that in practice, the Court’s decision in *Teva* is unlikely to significantly affect the outcome of many cases. The Justices do not agree, however, on whether “clear error” review will increase or decrease the costs of obtaining those outcomes.

For example, *Teva*’s new standard is likely to affect the types of arguments presented in many patent infringement cases, both at the district court and on appeal. Specifically, parties engaging in *Markman* hearings are likely to carefully consider whether to rely on more or less expert testimony and other extrinsic evidence in arguing for their preferred claim construction. Appellants will likely argue that the extrinsic evidence considered in claim construction either was not dispositive or clearly erroneous, with appellees making opposite claims. According to the dissent, such “collateral litigation over the line between law and fact” will “result[] in a substantial expenditure of scarce judicial resources on difficult questions that have no effect on the outcome of the case.” By contrast, the majority argued that complete *de novo* review “‘contribute[s] only negligibly’ to accuracy ‘at a huge cost in diversion of judicial resources.’”

The Federal Circuit in *Lighting Ballast* offered several additional criticisms of departing from *de novo* review. For example, the *en banc* majority said, deference to district court judges would result in “heightened forum-shopping and the inability of the judicial system to arrive at a uniform, settled meaning for a patent’s scope.” Nor would an “amorphous standard” of appellate review “produce a better or more reliable or more accurate or more just determination of patent claim scope.” Judge Lourie’s concurrence further argued that changing the existing *de novo* review would simply be “a cosmetic public” exercise with no actual change in practice.

The dissent hinted at several additional areas of law that may be affected by the majority’s decision in *Teva*. For example, when reviewing statutes and regulations—which “frequently have technical meanings unknown outside the specialized community they are meant to regulate”—courts “treat the inquiry into those meanings as involving only conclusions of law.” But, the dissent continued, “[t]he majority’s unexamined reliance on technical usage could be read to cast doubt on this practice, as well as on our holding in *Markman* that claim construction is exclusively for the court. If claim construction involves subsidiary questions of technical meaning or usage that are indistinguishable from those questions submitted to the jury in the contract context, then one might wonder why such issues are not submitted to the jury in the patent and statute contexts, too.”

## **Conclusion**

The Court remanded the case back to the Federal Circuit for further consideration. The Federal Circuit’s application of the “clear error” standard is what, as a practical matter, will ultimately determine whether—if at all—the Court’s departure from *de novo* review will “loom large in the universe of litigated claim construction.”

The Court’s full opinion is available [here](#).

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2014 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.



**Federal Circuit Considers Whether  
ITC Can Properly Exclude Imported  
Products That Only Infringe After  
Importation**

**Erin E. Bryan**

***Banner & Witcoff Intellectual  
Property Alert***

***February 17, 2015***





## Intellectual Property Alert: Federal Circuit Considers Whether ITC Can Properly Exclude Imported Products That Only Infringe After Importation

By Erin E. Bryan

February 17, 2015 — On February 5, 2015, the Court of Appeals for the Federal Circuit sitting en banc heard oral arguments in *Suprema, Inc. v. Int’l Trade Comm’n*, Fed. Cir., No. 2012-1170, a case involving the ability of the International Trade Commission to issue exclusion orders under Section 337 based on a theory of induced patent infringement of method claims under 35 U.S.C. §271(b).

The en banc Federal Circuit is reviewing the vacation of an ITC order excluding fingerprint scanners that only infringe after they have been imported and loaded with software that causes the scanners to infringe the complainant’s method patent when used. The ITC’s decision was vacated by a split panel of the Federal Circuit on the grounds that the scanners did not constitute “articles that infringe” under §337(a)(1)(B)(i) at the time of importation.

### **Background**

Cross Match Technologies, Inc. filed a patent infringement complaint at the ITC against Suprema, Inc. and Mentalix, Inc. under 19 U.S.C. §1337. Suprema manufactures fingerprint scanners in Korea that are then imported into the United States. Some of the scanners are sold to Mentalix, who then adds software to the scanner in the United States and the scanner/software combination is sold to customers.

Cross Match argued to the ITC that the sale and subsequent use of the combined scanner and software infringed their method claims. The ITC investigated the claim and ultimately determined that the scanner/software combination sold by Mentalix directly infringed the asserted method claims and that Suprema induced this infringement. An exclusion order was then issued by the ITC prohibiting any future importation of the infringing scanners.

The Federal Circuit originally split in finding that the ITC cannot issue an exclusion order on a theory of induced infringement where direct infringement does not occur until after the product is shipped into the United States. This decision was vacated by the full court after the en banc hearing was granted and the appeal reinstated.

### **Arguments**

The hearing included arguments from counsel for Suprema and Mentalix, counsel for the ITC, counsel for Cross Match, and counsel for the Justice Department. The en banc panel probed whether the language “articles that infringe” is ambiguous, and if not ambiguous, whether the ITC’s

interpretation of that phrase to include induced infringement is a reasonable one entitled to *Chevron* deference, e.g., the court should defer to the ITC's interpretations of the statute unless it is unreasonable. The en banc panel was also concerned with the distinction between articles that infringe and conduct that infringes and how post-importation infringement relates to the statute. The en banc panel addressed the enforcement of any exclusion order, including how much freedom a border agent would have in interpreting an exclusion order and how an exclusion order can be appealed.

Counsel for Suprema and Mentalix argued that the language "articles that infringe" is not ambiguous and limits the ITC to only excluding products that infringe at the time of importation. However, if the phrase "articles that infringe" were to be found to be ambiguous then the ITC's interpretation of the language was unreasonable by including induced infringement. Counsel additionally argued that the ITC would have to consider the intent of the importer, e.g., does the importer intend to cause infringement, when conducting an infringement analysis for inducement.

Counsel for the ITC argued that the phrase "articles that infringe" is ambiguous and the ITC's interpretation should be given deference. Counsel then set forth the ITC's position that induced infringement constitutes patent infringement and that articles that are imported with the intention of being combined with another product which will cause infringement of a method patent should be excluded. In responding to statements from the panel regarding direct infringement occurring after importation, counsel stated that it is no defense to a claim of inducement to say that the infringing conduct has not occurred until after the inducing conduct. ITC's counsel additionally addressed questions as to how an investigation decision on infringement is made. For example, whether a decision is made merely by looking at a product and determining whether infringement will occur once it has been imported into the United States, whether there are non-infringing uses of the product, and whether an exclusion order can be drafted in such a manner as to block only the importation of products that will be used for infringement, e.g., only block the importation of products that are being sold to Mentalix.

Cross Match's counsel argued that the language "articles that infringe" is not ambiguous. Additionally, the language is consistent with how infringement is described in 35 U.S.C. §271. Counsel addressed questions regarding the distinction between articles that infringe and conduct that infringes stating that if the phrase "articles that infringe" is read strictly to articles only, then Section 337 excludes liability under any aspect of §271 because the statutory language refers to conduct.

Counsel for the Justice Department argued that the phrase "articles that infringe" is not defined by the statute and therefore deference should be given to the ITC's interpretation of the statute. Additionally, when responding to questions, counsel stated that when considering whether an article being imported would infringe a patent then the intent behind the article should be considered, as well as considering if the article will infringe or if it is being sold to a third-party who will not use the article to infringe a method patent.

## **Conclusion**

The en banc panel has raised many issues with its questions. Resolution of those issues will provide

guidance to importers and patent holders alike as to whether the ITC can properly exclude imported products that do not infringe until after importation.

The court is expected to issue its decision later in 2015.

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com).



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.



**TTAB Appeal at USDC — Win or Lose  
— You Pay the USPTO Costs**

**Ernest V. Linek**

***Banner & Witcoff Intellectual  
Property Alert***

***April 29, 2015***



## Intellectual Property Alert: TTAB Appeal at USDC – Win or Lose – You Pay the USPTO Costs

By Ernest V. Linek

April 29, 2015 — On April 23, 2015, the Fourth Circuit Court of Appeals ruled (2-1) in the case of *Shammas v. Focarino*, that, win or lose, a party who files a U.S. district court appeal from a decision of the Trademark Trial and Appeal Board (TTAB), must pay the United States Patent and Trademark Office (USPTO)'s costs associated with defending the appeal.

The Lanham Act provides that a dissatisfied trademark applicant may seek review of an adverse ruling from the TTAB on his trademark application either by appealing the ruling to the Court of Appeals for the Federal Circuit, or by commencing a *de novo* action in a federal district court.

If the applicant elects to proceed in a district court and no adverse party opposed the application before the USPTO, the applicant must name the director of the USPTO as a defendant and pay “all the expenses of the proceeding,” whether he succeeds in the action or not, unless the expenses are unreasonable.

In 2009, Mr. Milo Shammas filed a federal trademark application for the mark “PROBIOTIC” for use in connection with fertilizer products manufactured by his company, Dr. Earth, Inc. In an *ex parte* proceeding, a trademark examining attorney for the USPTO denied his application on the ground that the term was generic and descriptive. The TTAB affirmed.

After losing his case at the TTAB, Mr. Shammas elected to commence a *de novo* review action in the U.S. District Court for the Eastern District of Virginia.

The district court granted the USPTO's motion for summary judgment by order dated October 15, 2013, holding that Mr. Shammas had failed to cast doubt on the finding that “PROBIOTIC” was a generic term.

At the end of the district court proceeding, the director of the USPTO sought “all the expenses of the proceeding” from Mr. Shammas, including salary expenses of the USPTO attorneys and a paralegal who were required to defend the director.

The costs as outlined by the USPTO included the prorated salaries of two attorneys, in the amount of \$32,836.27, and one paralegal, in the amount of \$3,090.32. The USPTO calculated these sums by dividing the employees' annual salaries by 2,000 hours and multiplying the results by the number of hours expended by the employees in defending the action, a total of 518 hours in this case. The PTO also claimed \$393.90 for photocopying expenses.

The district court granted the director's request and ordered Mr. Shammass to pay the USPTO a total of \$36,320.49 in expenses.

On appeal, Mr. Shammass argued that the district court erred in "shifting" the USPTO's attorney's fees to him, contrary to the "American Rule" under which each party bears his own attorney's fees, because the governing statute does not expressly provide for the shifting of attorney's fees.

The Fourth Circuit rejected Mr. Shammass' arguments and affirmed the lower court ruling, concluding that the imposition of all expenses on a plaintiff in an *ex parte* proceeding, regardless of whether he wins or loses, does not constitute fee-shifting that implicates the American Rule but rather an unconditional compensatory charge imposed on a dissatisfied applicant who elects to engage the USPTO in a district court proceeding.

Section 1071(b)(3) provides in relevant part, "In any case where there is no adverse party, . . . all the expenses of the proceeding shall be paid by the party bringing the case, whether the final decision is in favor of such party or not."

The appellate court's interpretation of the statute (§ 1071(b)(3)) found that it imposes a unilateral, compensatory fee, including attorney's fees, on every *ex parte* applicant who elects to engage the resources of the USPTO when pursuing a *de novo* action in the district court, whether the applicant wins or loses.

*De novo* civil actions under § 1071(b)(1) clearly include a more fulsome and expensive procedure compared to an appeal to the Federal Circuit. Since the statute requires an *ex parte* applicant to name the USPTO as a party defendant to such a proceeding, the USPTO is required to expend substantially greater time and effort and incur substantially greater expense than it would otherwise in an appeal to the Federal Circuit.

By requiring the dissatisfied applicant to pay "all the expenses of the proceeding," whether the applicant wins or loses, Congress obviously intended to reduce the financial burden on the USPTO in defending such a proceeding.

In light of this purpose, it makes good sense to construe "expenses" to include attorney's fees and paralegals fees because the time that USPTO employees spend in defending the director will constitute the majority of the USPTO's expenses in such a proceeding — in this case, over 98 percent of its expenses.

Of course, if the dissatisfied applicant does not wish to pay the expenses of a *de novo* civil action, he may appeal the adverse decision of the USPTO to the Federal Circuit.

Judge King filed a dissenting opinion, based on his reading of § 1071(b)(3), wherein it makes no reference to attorney fees awards and does not reflect a Congressional intention to authorize such awards.

In Judge King's opinion, it is because the American Rule applies and the USPTO should bear its own attorney's fees.

Footnote 4 of the dissent is interesting:

Shammas contends here — and the USPTO does not dispute — that, prior to 2013, the USPTO had never sought an attorney's fee award under the patent and trademark laws. If such awards had been generally available, the USPTO's silence in the face of such authority is more than passing strange.

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.



**The Supreme Court's Impact on IP  
Rights in 2015**

**Jordan N. Bodner and Camille Sauer**

***Banner & Witcoff IP Update***

***May 29, 2015***



## THE SUPREME COURT'S IMPACT ON IP RIGHTS IN 2015



BY JORDAN N. BODNER AND CAMILLE SAUER

The U.S. Supreme Court has generated quite a few closely-watched intellectual property decisions in 2014, analyzed in Banner & Witcoff's Spring and Fall 2014 Newsletters. The trend has continued during the start of the 2014-15 term, with decisions on the appropriate standard for reviewing a district court's factual findings in patent claim construction, whether issue preclusion applies to Trademark Trial and Appeal Board decisions, and whether the jury or the court resolves trademark tacking issues. In addition, the Supreme Court heard oral arguments in March 2015 for another two patent cases, with opinions expected to be released this summer.

### PATENT CASES

#### *TEVA PHARMACEUTICALS USA, INC. V. SANDOZ, INC.: FACTUAL FINDINGS REVIEWED FOR CLEAR ERROR*

In *Teva Pharmaceuticals*, the Supreme Court held that when a district court resolves subsidiary factual issues in the course of patent claim construction, the Federal Circuit must defer to the district court by applying a "clear error" standard of review. *Teva* clarifies the important *Markman* decision<sup>1</sup>, which held, nearly a decade ago, that the ultimate question of patent claim construction is a question of law and thus patent claim construction is reviewed *de novo*. *Teva* addresses how subsidiary fact finding by district courts in construing patent claims is to be reviewed.

The lawsuit began when Teva Pharmaceuticals (and other parties) sued Sandoz and others for patent infringement for marketing a generic version of the multiple sclerosis drug Copaxone. The patent claim at issue before the Supreme Court recited that a particular active ingredient has "a molecular weight of 5 to 9 kilodaltons." The district court concluded, based on evidence from experts, that the phrase was definite and that a skilled artisan would have understood that the term "molecular weight" referred to molecular weight as calculated using a peak average molecular weight method. On appeal, the Federal Circuit reviewed *de novo* all aspects of patent claim construction including the district court's determination of subsidiary facts, held that "molecular weight" was indefinite, and invalidated the patent.

The Supreme Court, on appeal, explained that *Markman* did not create an exception to Federal Rule of Civil Procedure 52(a)(6), which requires that a court of appeals must not set aside a district court's findings of fact unless they are clearly erroneous. Thus, this civil procedure rule and its "clearly erroneous" standard must be applied when a court of appeals reviews a district court's resolution of subsidiary factual matters made in the course of its construction of a patent claim. In construing a patent claim, a judge is engaged in much the same task as the judge would be in construing other written instruments, such as deeds, contracts, or tariffs. Referring to *Great Northern R. Co. v. Merchants Elevator Co.*, 259 U.S. 285 (1922), construction of written instruments can present a question solely of law, such as when the words are used in their ordinary meaning. But, where the words give rise to a factual dispute, such as

when the document uses technical words or phrases not commonly understood, extrinsic evidence may help to establish a usage of trade or locality.

The same reasoning applies to patent claim construction. Citing *Markman*, the Supreme Court said that subsidiary fact-finding is sometimes necessary in patent claim construction, a practice with “evidentiary underpinnings” that “falls somewhere between a pristine legal standard and a simple historical fact.” Referring to additional case law and practical considerations, the Supreme Court reasoned that clear error review is particularly important where patent law is at issue, as it is a field where so much depends upon familiarity with specific scientific problems and principles not normally part of general knowledge and experience.

According to the Supreme Court, when only intrinsic evidence is reviewed (the patent and prosecution history), construction will be a pure determination of law and the correct standard is a *de novo* review. However, where extrinsic evidence is relied upon to understand, for example, the background science or the meaning of a patent claim term, subsidiary factual findings will be made about the extrinsic evidence. These are the “evidentiary underpinnings” discussed in *Markman* that must be reviewed for clear error.

The Supreme Court concluded by reiterating that, while underlying factual disputes that are part of patent claim construction can be overturned only if found to be clearly erroneous, the ultimate question of construction remains a legal question reviewed *de novo*.

## TRADEMARK CASES

### *B&B HARDWARE, INC. V. HARGIS INDUSTRIES, INC.*: PRECLUSIVE EFFECT OF TTAB DECISIONS

In *B&B Hardware*, the Supreme Court tackled the question of whether Trademark Trial and Appeal Board (TTAB) decisions preclude issues in subsequent district court proceedings. The Supreme Court held that “[s]o long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before a district court, issue preclusion should apply.”

**“The Supreme Court clarified how patent claim construction is to be reviewed on appeal, when Trademark Trial and Appeal Board issue preclusion applies, and the role of the jury in trademark tacking priority questions.”**

In the case, Hargis sought federal registration for its trademark SEALTITE with the United States Patent and Trademark Office under the Lanham Act. B&B opposed the registration, arguing that it was too similar to its trademark SEALTIGHT. B&B also sued Hargis for trademark infringement in federal district court while the opposition proceeding was pending. The TTAB sided with B&B and concluded that SEALTITE should not be registered because of the likelihood of confusion between the two marks.

In the later district court infringement suit, B&B argued that the TTAB decision precluded Hargis from contesting likelihood of confusion. The district court disagreed on the ground that the TTAB is not an Article III court. The Eighth Circuit affirmed on other grounds, holding that issue preclusion does not apply because the TTAB and the district court use different

[MORE ▶](#)

factors to evaluate likelihood of confusion, the TTAB places too much emphasis on the appearance and sound of the marks, and different parties bear the burden of persuasion in the two proceedings.

A 7-2 majority of the Supreme Court reversed, holding that a court should give preclusive effect to TTAB decisions if the ordinary elements of issue preclusion are met. The Supreme Court rejected the district court's conclusion that agency decisions can never ground issue preclusion. Citing its 1991 decision in *Astoria Fed. Sav. & Loan Assn. v. Solimino*, the Supreme Court explained that issue preclusion applies to agency decisions unless "a statutory purpose to the contrary is evident." Next, the Supreme Court looked to the text and structure of the Lanham Act, finding that neither forbids issue preclusion. Justice Thomas authored a strong dissent, reasoning that the majority opinion raises potential constitutional concerns, first in depriving a trademark holder of the opportunity to have a core private right adjudicated in an Article III court, and second in transferring core judicial powers to an executive agency.

The Supreme Court next rejected the Eighth Circuit's conclusion that the likelihood of confusion factors were different, because the operative language of each statute is essentially the same. Similarly, procedural differences between TTAB proceedings and district court proceedings do not, by themselves, defeat issue preclusion. While many registration decisions will not satisfy the ordinary elements of issue preclusion, "[t]here is no categorical reason why registration decisions can never meet the ordinary elements of issue preclusion." Preclusion applies at least where the issues of the two cases are identical, in other words, where the mark owner uses its mark in ways that are materially the same as the usages included in its registration application.

#### *HANA FINANCIAL, INC. V. HANA BANK: TRADEMARK TACKING AS AN INQUIRY FOR THE JURY*

In the unanimous *Hana Financial* decision, the Supreme Court held that the determination of whether two trademarks may be tacked for purposes of determining priority is a question for the jury. "Tacking" is the practice of claiming early use of a trademark in spite of past modifications to the mark over time. If tacking is claimed and the trademark changes over time are minor, the modified mark retains the priority date of the original mark.

Hana Bank began operating as a financial company in Korea under the name of "Korea Investment Finance Corporation" in 1971. The name was changed to "Hana Bank" in 1991. In 1994, it began a service called "Hana Overseas Korean Club," providing financial services to Korean expatriates, specifically advertising the service in the United States. In 2000, "Hana Overseas Korean Club" was changed to "Hana World Center" and in 2000, it began operating as a bank in the United States under the name "Hana Bank." Hana Financial began using the name in commerce in 1995, and obtained a federal trademark registration in 1996. In 2007, Hana Financial sued Hana Bank, alleging trademark infringement of the "Hana Financial" mark. Hana Bank denied infringement by invoking the tacking doctrine to claim an earlier priority date.

The district court submitted the tacking question to the jury, which found for Hana Bank. The Ninth Circuit affirmed, holding that the tacking doctrine was an exceptionally limited and highly fact-sensitive matter for juries, not judges. Because the circuits were split as to whether tacking is properly a question for the judge or the jury, the Supreme Court granted certiorari.

The Supreme Court first considered that two marks may be tacked when they are “legal equivalents,” meaning that they create the same commercial impression. Since commercial impression must be viewed through the eyes of an ordinary purchaser or consumer, the jury should generally be hearing and deciding upon the fact-intensive evidence.

Hana Financial put forth several arguments in support of why tacking should be a question for the judge. The Supreme Court found all four to be unpersuasive. For instance, while Hana Financial argued that the “legal equivalents” test involves a legal standard, the Supreme Court countered that it is a mixed question of law and fact that is typically resolved by juries. In response to Hana Financial’s argument that leaving tacking questions to juries would eliminate the predictability of the outcomes of future trademark decisions, the Supreme Court saw no reason why this would be so and pointed out that jury decisions are routinely relied upon in tort, contract, and criminal justice systems to apply legal standards to facts without eliminating predictability. And,

although Hana Financial cited cases where judges have resolved tacking disputes, the Supreme Court explained that, unlike the present situation, those cases were resolved in bench trials, summary judgment, and the like — contexts in which it is undisputed that judges may resolve tacking disputes.

### UPCOMING OPINIONS

The Supreme Court heard oral arguments for two patent cases in March 2015, with opinions expected to be released this summer:

- *Commil USA, LLC v. Cisco Systems*: The Supreme Court will consider whether the Federal Circuit erred in holding that a defendant’s belief that a patent is invalid is a defense to induced infringement under 35 U.S.C. § 271(b).
- *Kimble v. Marvel Enterprises*: The Supreme Court will consider whether to overrule *Brulotte v. Thys Co.*, which held that “a patentee’s use of a royalty agreement that projects beyond the expiration date of the patent is unlawful *per se*.” ■

---

1. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996)



**Federal Circuit Holds Claims  
Indefinite Based on Prosecution  
History in *Teva Pharmaceuticals USA  
v. Sandoz, Inc.***

**R. Gregory Israelsen and  
Shawn P. Gorman**

***Banner & Witcoff Intellectual  
Property Alert***

***July 1, 2015***



## Intellectual Property Alert: Federal Circuit Holds Claims Indefinite Based on Prosecution History in *Teva Pharmaceuticals USA v. Sandoz, Inc.*

By R. Gregory Israelsen and Shawn P. Gorman

July 1, 2015 — On June 18, 2015, the United States Court of Appeals for the Federal Circuit released its decision in *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*<sup>i</sup> The case was on remand from the Supreme Court, which vacated the Federal Circuit’s earlier determination regarding the definiteness of claims directed towards Copaxone®, Teva’s market-approved treatment for multiple sclerosis.<sup>ii</sup> The Supreme Court held that claim construction is a question of law subject to *de novo* review, and that the underlying factual findings are subject to clear error review.<sup>iii</sup> Based on the Supreme Court’s guidance in *Teva* and *Nautilus, Inc. v. Biosig Instruments, Inc.*,<sup>iv</sup> the Federal Circuit held the claims under review indefinite and therefore invalid.<sup>v</sup>

### **Background**

Teva, which markets Copaxone®, sued Sandoz for submitting Abbreviated New Drug Applications for generic versions of Copaxone®. Claim 1 of U.S. Patent No. 5,800,808 (the ’808 patent) recites a method of making “copolymer-1 having a molecular weight of about 5 to 9 kilodaltons.” Claim 1, however, does not specify what measure of molecular weight to use, nor does the specification expressly define “molecular weight.” At least three industry-accepted norms exist for measuring molecular weight: peak average molecular weight ( $M_p$ ), number average molecular weight ( $M_n$ ), and weight average molecular weight ( $M_w$ ).<sup>vi</sup> Further, neither party identified any portion of the ’808 patent’s prosecution history relevant to the construction of “molecular weight.”<sup>vii</sup>

The ’808 patent includes multiple continuation applications, including U.S. Patent No. 6,620,847 (the ’847 patent) and U.S. Patent No. 6,939,539 (the ’539 patent). During the prosecution of the ’847 patent, Teva argued that “one of ordinary skill in the art could understand that kilodalton

units implies a weight average molecular weight,' i.e.  $M_w$ .<sup>”viii</sup> But during prosecution of the '539 patent, Teva argued that “a person ‘of ordinary skill in the art, upon reviewing the specification, would understand that ‘average molecular weight’ refers to’ . . .  $M_p$ .<sup>”ix</sup>

### **Analysis**

In remanding *Teva* back to the Federal Circuit, the Supreme Court explained that “it was proper to treat the ultimate question of the proper construction of the patent as a question of law in the way that we treat document construction as a question of law.”<sup>x</sup> Further, in *Nautilus*, the Supreme Court clarified, “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.”<sup>xi</sup>

On remand, the Federal Circuit acknowledged that “[t]he definiteness requirement must take into account the inherent limitations of language,” and that “[s]ome modicum of uncertainty is the price of ensuring the appropriate incentives for innovation.”<sup>xii</sup> At the same time, however, “a patent must be precise enough to afford clear notice of what is claimed, thereby apprising the public of what is still open to them.”<sup>xiii</sup>

In light of the Court’s guidance, the Federal Circuit reevaluated the claims at issue in *Teva*. The opinion explained, “[t]o the extent that Teva argues that the meaning of ‘molecular weight’ in the context of [the] patents-in-suit is itself a question of fact, it is wrong. A party cannot transform into a factual matter the internal coherence and context assessment of the patent simply by having an expert offer an opinion on it.”<sup>xiv</sup> Further, the Federal Circuit drew a distinction between: (1) the understanding of one of skill in the art from the patent and intrinsic evidence and (2) the understanding of the skilled artisan from outside the patent documents. “The meaning one of skill in the art would attribute to the term molecular weight in light of its use in the claims, the disclosure in the specification, and the discussion of this term in the prosecution history is a question of law.”<sup>xv</sup> By contrast, “[u]nderstandings that lie outside the patent documents about the meaning of terms to one of skill in the art . . . are factual issues.”<sup>xvi</sup>

Important to the Federal Circuit’s determination regarding the definiteness of the claims were the “[s]tatements made during prosecution history.”<sup>xxvii</sup> Specifically, “[d]uring prosecution of the related ’847 and ’539 patents, which with respect to molecular weight have identical specifications, examiners twice rejected the term ‘molecular weight’ as indefinite for failing to disclose which measure of molecular weight to use ( $M_p$ ,  $M_n$ , or  $M_w$ ). And the patentee in one instance stated that it was  $M_w$  and in the other it was  $M_p$ .”<sup>xxviii</sup> Therefore, the Federal Circuit held that “claim 1 is invalid for indefiniteness by clear and convincing evidence because read in light of the specification and the prosecution history . . . there is not reasonable certainty that molecular weight should be measured using  $M_p$ .”<sup>xxix</sup>

### **Conclusion**

The Federal Circuit in *Teva* provided further guidance regarding the application of *Nautilus*’s standard for evaluating allegedly ambiguous claims. Most significantly, “[s]tatements made during prosecution history are relevant to claim construction.”<sup>xxx</sup> As the dissent pointed out, “a single statement by Teva during prosecution of the ’847 patent — made years after the ’808 patent issued — [was] deemed dispositive on the question of whether the ’808 patent is sufficiently definite.”<sup>xxxi</sup>

Based on *Teva*, therefore, practitioners involved in both patent prosecution and litigation should pay special attention to the prosecution history of an application or issued patent. During prosecution, for example, a prosecutor should consider how a particular claim term — and arguments regarding that term — might be construed not only in the present application, but also in any related patents in the family.

The Federal Circuit’s full opinion is available [here](#).

To subscribe or unsubscribe to this Intellectual Property Advisory, please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)



---

<sup>i</sup> *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, No. 2012-1567, slip op. at 1 (Fed. Cir. June 18, 2015).

<sup>ii</sup> *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 843 (2015).

<sup>iii</sup> *Id.* at 837-38, 841-42.

<sup>iv</sup> *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120 (2014).

<sup>v</sup> *Teva*, No. 2012-1567, slip op. at 3.

<sup>vi</sup> *Id.* at 4.

<sup>vii</sup> *Id.* at 13.

<sup>viii</sup> *Id.* at 15.

<sup>ix</sup> *Id.* at 16-17.

<sup>x</sup> *Teva*, 135 S. Ct. at 837.

<sup>xi</sup> *Nautilus*, 134 S. Ct. at 2124.

<sup>xii</sup> *Teva*, No. 2012-1567, slip op. at 9 (citing *Nautilus*, 134 S. Ct. at 2128).

<sup>xiii</sup> *Id.* (citing *Nautilus*, 134 S. Ct. at 2129).

<sup>xiv</sup> *Id.* at 12.

<sup>xv</sup> *Id.*

<sup>xvi</sup> *Id.* at 13.

<sup>xvii</sup> *Id.*

<sup>xviii</sup> *Id.* at 17.

<sup>xix</sup> *Id.* at 18.

<sup>xx</sup> *Id.* at 13.

<sup>xxi</sup> *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, No. 2012-1567, slip op. at 5 (Fed. Cir. June 18, 2015) (Mayer, J., dissenting).



***Suprema, Inc. v. ITC: ITC Can  
Exclude, Under Inducement Theory,  
Imported Products That Only  
Infringe After Importation***

**Jeffrey H. Chang**

***Banner & Witcoff Intellectual  
Property Alert***

***August 13, 2015***



## Intellectual Property Alert: *Suprema, Inc. v. ITC*: ITC Can Exclude, Under Inducement Theory, Imported Products That Only Infringe After Importation

By Jeffrey H. Chang

August 13, 2015 — On August 10, 2015, an *en banc* Court of Appeals for the Federal Circuit held that the International Trade Commission’s interpretation of Section 337 was reasonable and therefore that the ITC has the authority to exclude, under a theory of induced infringement, imported products that directly infringe a patent only after importation.

### **Procedural History**

U.S. Patent No. 7,203,344 (‘344 patent), which is owned by Cross Match Technologies, Inc. and the only patent at issue in the *en banc* decision, claims a method for capturing and processing a fingerprint image. In 2010, Cross Match filed a complaint under 19 U.S.C. § 1337 with the ITC alleging that Suprema, Inc. and Mentalix, Inc. infringed four of Cross Match’s patents, including the ‘344 patent. Suprema manufactures the hardware for the fingerprint scanners abroad, and both Suprema and Mentalix import the hardware into the United States. After importation, Mentalix integrates its software with the hardware to make the infringing fingerprint scanner. In other words, the imported scanner hardware, on its own, does not directly infringe the ‘344 patent.

The ITC found that Mentalix directly infringed the ‘344 patent by integrating the scanner software with the hardware and that Suprema induced infringement of the ‘344 patent under 35 U.S.C. § 271(b), relying on Mentalix’s infringement as the underlying direct infringement. As a result of its findings, the ITC issued a limited exclusion order against Suprema and Mentalix.

Suprema and Mentalix appealed the ITC’s findings to the Federal Circuit, and in 2013, a divided panel of the Federal Circuit vacated the ITC’s findings that Mentalix directly infringed the ‘344 patent and that Suprema induced infringement. The panel argued that the phrase “articles that infringe” in Section 337 require that infringement must be measured at the time of importation and therefore that the ITC could not issue an exclusion order on the basis of induced infringement because “such imports are not in an infringing state upon importation.” Judge Reyna dissented in the panel opinion, and the Federal Circuit agreed to rehear the case *en banc*.

### **ITC Can Exclude, Under Inducement Theory, Imported Non-Infringing Products That Only Directly Infringe After Importation**

Judge Reyna wrote for the majority of the *en banc* Federal Circuit (6 out of 10 judges), and the *en banc* Federal Circuit overturned the panel decision. The Federal Circuit held that the ITC’s interpretation of Section 337 was reasonable and therefore that the ITC has the authority under

Section 337 to exclude, under a theory of induced infringement, imported products that directly infringe a patent only after importation.

The Federal Circuit explained that Congress delegated authority to the ITC to resolve ambiguities in Section 337, and therefore that the ITC's interpretation of Section 337 is entitled to *Chevron* deference. Under *Chevron*, a court reviewing an agency's interpretation of a statute will not overturn the agency's interpretation of the statute if it is a reasonable interpretation. The Federal Circuit determined that the ITC's interpretation of the phrase "articles that infringe" in Section 337 as including articles that only directly infringe after importation was reasonable because "it is consistent with Section 337 and Congress' mandate to the Commission to safeguard United States commercial interests at the border." The Federal Circuit returned the case to the panel for further proceedings consistent with the *en banc* court's opinion.

### **Dissent**

In her dissent, Judge O'Malley (joined by Chief Judge Prost, Judge Lourie, and Judge Dyk) argued that "[t]he language of the statute is unambiguous - the Commission lacks the power ... to enter an exclusion order on the basis of infringement of a method claim when the underlying direct infringement occurs post-importation."

Please click [here](#) to read the opinion.

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.



**The Import of Electronic Data:  
Federal Circuit Appears Unlikely to  
Affirm Commission's Jurisdiction  
Over Digital "Articles"**

**Aaron P. Bowling**

***Banner & Witcoff Intellectual  
Property Alert***

***August 13, 2015***



## Intellectual Property Alert: The Import of Electronic Data: Federal Circuit Appears Unlikely to Affirm Commission’s Jurisdiction over Digital “Articles”

By [Aaron Bowling](#)

August 13, 2015 — The United States International Trade Commission (ITC or Commission) possesses unique powers under 19 U.S.C. § 1337 (Section 337). Upon finding that a party engaged in “unfair acts,” e.g., patent or trademark infringement, the ITC issues “exclusion orders” that prevent the importation of certain products into the United States. ITC exclusion orders are enforced by United States Customs, and depending on the nature and pattern of infringement, may be either “limited” (extend only to certain named parties) or “general” (extend to *all persons*, i.e., “good against the world”).

These powerful, low-maintenance remedies, along with the Commission’s reputation as a rocket docket, have recently piqued interest in the ITC as a preferable forum for intellectual property enforcement. A wave of new cases have presented a number of issues of first impression, including several related to the Commission’s Section 337 jurisdiction in the context of digital goods and electronic data. The digital world presents interesting considerations for the ITC, because the Commission’s jurisdiction is limited to unfair acts that involve the “importation of articles”: only once an act of “importation” has occurred, and only where that importation involves an “article,” does the Commission obtain jurisdiction.

On Tuesday, August 11, the Federal Circuit heard oral arguments in *ClearCorrect v. ITC and Align Technology*, to determine whether electronic data — which an alleged infringer in Texas downloaded from a server in Pakistan — constituted an “article” that was “imported” under 19.U.S.C. § 1337.

In 2012, Align Technology, Inc. (Align) filed a complaint in the ITC alleging that ClearCorrect Operating LLC and its foreign associates (ClearCorrect) infringed seven patents related to Align’s *Invisalign* teeth-straightening system. Specifically, Align claimed that ClearCorrect had imported “digital models, digital data, and [digital] treatment plans” used to make teeth aligners. In May 2013, the administrative law judge held, in a lengthy 815-page opinion, that the digital data at issue was an “article” under Section 337 and that ClearCorrect infringed six Align patents. In April 2014, the Commission agreed, holding that the digital models imported as part of ClearCorrect’s process of manufacturing orthodontic appliances constituted “articles” over which the ITC properly had jurisdiction.

In briefing to the Federal Circuit, appellant ClearCorrect vigorously opposed the Commission’s finding on a number of grounds, arguing that intangible information and digital data cannot, and

should not, constitute an “article.” ClearCorrect pointed to the plain language, structure, and legislative history of Section 337, identifying a number of provisions and Senate hearing discussions that are allegedly rendered nonsensical under the Commission’s interpretation. ClearCorrect described the practical difficulties involved in the ITC’s proposed enforcement of electronic data, and further argued that the ITC was unilaterally, and impermissibly, expanding its own power. ClearCorrect received support from a number of amici submitted by computing giants Apple and Google, who similarly warned of the widespread and unanticipated impact that could result from the Commission’s decision.

Appellee briefs filed by Align and the Commission focused on the asserted misconduct of ClearCorrect, who “hoped to skirt U.S. patent law through 3D printing in the United States of the digital models it imported.” Amicus briefs from the Motion Picture Association of America and the Recording Industry Association of America struck similar tones, speaking to the benefits of utilizing ITC remedies to enforce against pirated digital content. The appellees argued that the digital models in-question were “articles” because the electronic data represented tooth alignment in precisely the same manner as a physical mold. The appellees relied on the Supreme Court’s decision in *International News Service v. Associated Press*, 248 U.S. 215 (1918) (the well-known “hot news” case), and attempted to interpret “articles” in light of the Driver’s Privacy Protection Act—but neither analysis was directly on-point.

At Tuesday’s oral arguments, a Federal Circuit panel comprised of Chief Judge Prost, Judge Newman, and Judge O’Malley appeared hesitant to affirm the Commission’s ruling. The panel voiced concern over the ITC’s ability to enforce against digital data, along with the Commission’s inability to delineate the types of digital data that would or would not fall within its jurisdiction. In general, Tuesday’s panel appeared to believe that the Commission’s ruling could significantly expand the Commission’s jurisdiction, and that such an expansion is best-suited for Congress.

---

**Note:** The parties briefed and argued the Commission’s § 271(b) contributory infringement finding, but in light of the Federal Circuit’s *en banc* opinion in *Suprema v. ITC*, which issued the day before oral argument, the panel ordered additional briefing.

To subscribe or unsubscribe to this Intellectual Property Advisory, please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.



**Laches Remains a Defense to Legal Relief in Patent Infringement Suits**

**Ernest V. Linek**

***Banner & Witcoff Intellectual Property Alert***

***September 21, 2015***





## Intellectual Property Alert: Laches Remains a Defense to Legal Relief in Patent Infringement Suits

By Ernest V. Linek

September 21, 2015 — On September 18, 2015, the Court of Appeals for the Federal Circuit, sitting *en banc*, ruled (6-5) in *SCA Hygiene Products AB et al. v. First Quality Baby Products LLC et al.*, that laches remains a viable defense in a patent infringement suit, even after the Supreme Court’s 2014 “Raging Bull” decision (*Petrella v. Metro-Goldwyn-Mayer, Inc.*), which held that laches does not apply to copyright cases.

### **Codified laches defense may bar legal remedies**

The first question in *SCA Hygiene Products* was a simple one — does the *Petrella* case apply to patent infringement, or can laches be used as an equitable defense, even in cases of continued patent infringement?

The majority held that Congress codified a laches defense in 35 U.S.C. § 282(b)(1), and this defense may bar legal remedies. Accordingly, the court found that it had no judicial authority to question the law’s propriety.

According to the decision, whether Congress considered the quandary in *Petrella* is **irrelevant**. In the 1952 Patent Act, Congress settled that laches and a time limitation on the recovery of damages can coexist in patent law.

The majority opinion of the court found that it must respect that statutory law.

### **Can laches bar permanent injunctive relief?**

The second question for *en banc* review concerns the extent to which laches can limit recovery of ongoing relief from continued infringement.

The majority noted that equitable principles apply whenever an accused infringer seeks to use laches to bar ongoing relief. Specifically, as to injunctions, consideration of laches fits naturally within the framework in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), which

clarified that a patentee is not automatically entitled to an injunction, but must prove that the equities favor an injunction.

The original panel rejected SCA's argument that the Supreme Court's *Petrella* decision abolished laches in patent law, reasoning instead that the panel was bound by this court's prior *en banc* opinion in *A.C. Aukerman Co. v. R.L. Chaides Construction Co.*, 960 F.2d 1020 (Fed. Cir. 1992) (*en banc*), and that *Petrella* left *Aukerman* intact. *Aukerman* held that laches could not bar prospective relief.

There are two parts to this inquiry: (1) whether laches can bar permanent injunctive relief and (2) whether it can bar an ongoing royalty for continuing infringing acts.

When a court orders ongoing relief, the court acts within its equitable discretion. *See eBay*, 547 U.S. at 391–92. As *eBay* instructs, equitable “discretion must be exercised consistent with traditional principles of equity, in patent disputes no less than in other cases governed by such standards.” *eBay*, 547 U.S. at 394.

With respect to injunctions, this means following *eBay*'s familiar four-factor test: A plaintiff must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.

Consideration of laches fits naturally into this framework. As noted in *Petrella*, “the District Court, in determining appropriate injunctive relief . . . may take account of [the plaintiff's] delay in commencing suit.” *Petrella*, 134 S. Ct. at 1978; *see also Menendez*, 128 U.S. at 523 (“Mere delay or acquiescence cannot defeat the remedy by injunction in support of the legal right, unless it has been continued so long, and under such circumstances, as to defeat the right itself.”).

Many of the facts relevant to laches, such as the accused infringer's reliance on the patentee's delay, fall under the balance of the hardships factor. *Id.* Unreasonable delay in bringing suit may also be relevant to a patentee's claim that continued infringement will cause it irreparable injury. More than anything, district courts should consider all material facts, including those giving rise to laches, in exercising its discretion under *eBay* to grant or deny an injunction. *See eBay*, 547 U.S. at 394.

In sum, courts must recognize “the distinction between . . . estoppel and laches . . .” *Id.* (first alteration in original). Whereas estoppel bars the entire suit, laches does not. As outlined above, laches in combination with the *eBay* factors may in some circumstances counsel against an injunction. However, a patentee guilty of laches typically does not surrender its right to an

ongoing royalty. Paramount to both of these inquiries is the flexible rules of equity and, as a corollary, district court discretion.

### **Takeaways of the decision**

For the foregoing reasons, laches remains a defense to legal relief in a patent infringement suit after *Petrella*.

Nothing changes in patent litigation based on this decision. However, this case may be ripe for review by the Supreme Court, as the justices may decide the “Raging Bull” decision should apply to patent litigation.

Please click [here](#) to read the decision.

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.



**2015 Patent Developments for IT  
Practitioners**

**Bradley C. Wright**

***Presented to The Virginia  
Information Technology Legal  
Institute***

***October 9, 2015***

**2015**  
**PATENT DEVELOPMENTS**  
**FOR IT PRACTITIONERS**  
**(Sept. 2014 to Sept. 2015)**

**PRESENTED AT:**

**THE VIRGINIA INFORMATION TECHNOLOGY  
LEGAL INSTITUTE**

**FAIRFAX, VA**  
**OCTOBER 9, 2015**

**BRADLEY C. WRIGHT**  
**BANNER & WITCOFF, LTD**  
**1100 13<sup>TH</sup> STREET, N.W.**  
**WASHINGTON, D.C. 20005**  
**(202)-824-3160**  
[bwright@bannerwitcoff.com](mailto:bwright@bannerwitcoff.com)  
[www.bannerwitcoff.com](http://www.bannerwitcoff.com)



**BANNER & WITCOFF, LTD.**  
**INTELLECTUAL PROPERTY LAW**

## **OUTLINE OF WRITTEN MATERIALS**

### A. Patentability, Validity, and Procurement of Patents

1. Statutory Subject Matter – Computer Software and Genes
2. Public User Bar–Unauthorized Release of Product Not “Public”
3. Indefiniteness of Patent Claims
4. Reissue Patent Invalid for Failure to Conform to “Original Patent”
5. On-Sale Bar Triggered by Contract for Services
6. PTAB Proceedings
7. “Boilerplate” Consideration in Patent Assignment Sufficient
8. Provisional Patent Applications as Prior Art

### B. Interpretation and Infringement of Patents

1. Claim Construction
2. Disclaimer of Claim Scope
3. New Test for Direct Infringement
4. Infringement of Design Patents
5. Infringement by Exporting Components of Patented Invention

### C. Enforcement of Patents

1. Standards-Essential Patents
2. Limitations on Suing Customers When Sellers are Primary Target
3. Attorney Fees
4. Induced Infringement at the ITC
5. Infringement Damages for Design Patents
6. Exclusive Licensee Lacked “All Substantial Rights” to Sue
7. “Prevailing Party” Need Not Prevail on All Counts
8. Willful Infringement – PTO’s Reexamination Showed Lack of Merit
9. Infringement Damages
10. Inequitable Conduct
11. Patent Exhaustion
12. Induced Infringement – Belief in Invalidity as Defense
13. Interplay Between District Court Litigation and PTO
14. Patent Royalty Obligations Extending Beyond Patent Term
15. Laches Retained as a Defense in Patent Litigation
16. Status Report on the War Against Patent Trolls

**A. Patentability, Validity, and Procurement of Patents**

**1. Statutory Subject Matter – Computer Software and Genes**

*Intellectual Ventures I LLC v. Capital One Bank (USA), N.A.*, 792 F.3d 1363 (Fed. Cir. 2015). Intellectual Ventures asserted two patents against Capital One Bank. The first patent related to a method of budgeting, wherein spending limits are stored in a database and a user is electronically notified of certain transaction summaries. The second patent related to customizing a web page as a function of navigation history and information known about the user. The Federal Circuit affirmed the district court’s rulings that both patents were invalid for failure to recite eligible subject matter. The court applied the Supreme Court’s *Alice* framework: First, are the claims directed to an abstract idea? Second, do the claims recite an “inventive concept?”

As to the first patent, the Federal Circuit concluded that the claims were directed to the abstract idea of tracking financial transactions to determine whether they exceed a pre-set spending limit. Applying the second step of *Alice*, the court concluded that the claims recited merely generic computer elements, such that the claims merely applied the abstract idea to generic computers. As to the second patent, the Federal Circuit concluded that the claims were directed to a “fundamental practice” of customizing information based on information known about the user and navigation data, drawing an analogy to newspaper inserts that were tailored to particular subscribers. Applying the second step of *Alice*, the court concluded that there was no “inventive concept” that would support patent eligibility – again, merely generic computing elements were recited in the claims.

*Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343 (Fed. Cir. 2015). A district court invalidated a patent directed to web-based navigation on the ground that it was directed to patent-ineligible subject matter. Claim 1 of the patent reads as follows:

1. A method of providing an intelligent user interface to an online application comprising the steps of:

furnishing a plurality of icons on web page displayed to a user of a web browser, wherein each of said icons is a hyperlink to a dynamically generated online application form set, and wherein said web browser comprises Back and Forward navigation functionalities;

displaying said dynamically generated online application form set in response to the activation of said hyperlink, wherein said dynamically generated online application form set comprises a state determined by at least one user input; and

maintaining said state upon the activation of another of said icons, wherein said

maintaining allows use of said Back and Forward navigation functionalities without loss of said state.

The Federal Circuit affirmed. As to the first step of the *Alice* framework, the court found that “the character of the claimed invention is an abstract idea: the idea of retaining information in the navigation of online forms.” The Federal Circuit pointed to parts of the patent that referred to this idea as the essential, “most important” aspect of the invention. It noted that “claim 1 contains no restriction how the result is accomplished. The mechanism for maintaining the state is not described, although this is stated to be the essential innovation.” The court also concluded that mere references to generic computers did “not satisfy the test of ‘inventive concept.’”

*Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. Nov. 14, 2014). In this patent-eligibility case that has made no fewer than two trips to the U.S. Supreme Court, the Federal Circuit finally struck down as unpatentable a patent directed to a method for distributing copyrighted media over the Internet where a consumer receives a copyrighted media product in exchange for viewing an advertisement. First, the court determined that the 11-step process recites an abstraction – “an idea, having no particular concrete or tangible form. The process of receiving copyrighted media, selecting an ad, offering the media in exchange for watching the selected ad . . . all describe an abstract idea, devoid of a concrete or tangible application.” Next, the court concluded that the claims did not transform the abstract idea into patent-eligible subject matter because they merely instructed the practitioner to implement the abstract idea with routine, conventional activity. Based on these conclusions, the claims were invalid.

*DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. December 5, 2014). In a rare post-*Alice* decision, the Federal Circuit upheld the patentability of a patent directed to an e-commerce invention. DDR Holdings sued a group of defendants for infringement of patents related 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. For example, the generated composite web page may combine the logo, background color, and fonts of the host website with product information from the merchant. The patents explain that when a visitor to a web page clicks on a hyperlink such as an advertisement, instead of taking the visitor to the merchant’s website, the system 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.” The defendants argued that the patents were invalid because they were directed to an abstract idea. A split panel of the Federal Circuit disagreed, concluding that even if the claims were directed to the abstract idea of making two web pages look the same, the claims did not merely recite well-known business practices, but instead were “rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” Judge Mayer dissented, concluding that “DDR’s claims are patent ineligible because their broad and sweeping reach is vastly disproportionate to their minimal technological



disclosure.”

*Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371 (Fed. Cir. 2015). Two inventors discovered that a certain type of DNA in maternal plasma, previously discarded as medical waste, could be used to determine fetal conditions. They obtained a patent on the method of using the DNA for fetal diagnosis including steps of amplifying the DNA (using conventional techniques). After Sequenom sent threatening letters to Ariosa, Ariosa filed a declaratory judgment action against the patent owner. The district court held that the patent claims were invalid as merely directed to a natural phenomenon. The Federal Circuit affirmed, following the U.S. Supreme Court’s analysis in *Mayo Collaborative Services v. Prometheus*. First, based in part on the patent specification, which referred to the “discovery” that fetal DNA could be detected in maternal serum, the court concluded that the invention was directed to a naturally occurring phenomenon. Second, the court concluded that because the claimed invention relied on conventional techniques to amplify and detect the DNA, the claims did not add anything beyond the mere discovery that the fetal DNA could be detected. Accordingly, the claims were held to be directed to ineligible subject matter.

*In re BRCA1- and BRCA2-Based Hereditary Cancer Test Patent Litigation*, 774 F.3d 755 (Fed. Cir. Dec. 17, 2014). A group of plaintiffs owning patents relating to compositions of matter and diagnostic methods relating to certain types of cancer sued Ambry Genetics Corporation, which sells medical kits design to test for the presence of gene mutations that can help predict cancer. The composition of matter claims are directed to short, synthetic, single-stranded DNA molecules that bind specifically to intended target nucleotide sequences. The two method claims at issue in this appeal involve comparisons between wild-type BRCA sequences with a patient’s BRCA sequences. After the district court denied the plaintiffs’ request for a preliminary injunction on the ground that the claims were likely invalid for not reciting patent-eligible subject matter, an appeal was taken. The Federal Circuit affirmed. As to the composition of matter claims, the court concluded that “the primers before us are not distinguishable from the isolated DNA found patent-ineligible in *Myriad* and are not similar to the cDNA found to be patent-eligible.” It did not matter that they were synthetically replicated. As to the method claims, the court concluded that they recited nothing more than the abstract mental steps necessary to compare two different nucleotide sequences. Nothing else in the claims was sufficient to “transform the nature of the claims into a patent-eligible application.”

**Key Take-Away:** The PTO and courts are increasingly rejecting or invalidating patents directed to various types of inventions that can be characterized as an “abstract idea,” even if the claims recite specific computer components. Inventions in certain fields, such as financial services, electronic commerce, marketing/sales programs, loyalty programs, and others may be at higher risk of vulnerability. Certain types of diagnostic testing patents and others directed to medical discoveries

may also be subject to increased challenges on the grounds that they are a “product of nature” or an “abstract idea.”

## **2. Public Use Bar – Unauthorized Release of Product Not “Public”**

*Delano Farms Co. v. The California Table Grape Commission*, 778 F.3d 1243 (Fed. Cir. 2015). The U.S. Department of Agriculture obtained plant patents for varieties of table grapes, which it licensed to the California Table Grape Commission. Delano Farms sued, asserting that the patents were invalid on the basis that the patented grapes had been in “public use” more than one year before the filing date. The district court held that the patents were not invalid. The Federal Circuit affirmed, concluding that the fact that a USDA employee had secretly given samples of the plants to some farmers who planted them more than one year before the patents were filed did not create an invalidating “public use” bar to patentability. According to the Federal Circuit, the farmers knew that they were not authorized to have the plants and that they needed to conceal their possession of the plants. The court also found it significant that even though the grapes were planted where the public could see them, “grape varieties cannot be reliably identified simply by viewing the growing vines alone.” Because virtually no one other than the farmers could identify the variety that had been planted, it was not in “public use.”

## **3. Indefiniteness of Patent Claims**

*Robert Bosch, LLC v. Snap-On Inc.*, 769 F.3d 1094 (Fed. Cir. Oct. 14, 2014). Bosch owns a patent for a diagnostic vehicle tester, which claims, among other things, “a program recognition and program loading device.” A district court held that the claim was invalid as indefinite. The Federal Circuit affirmed. First, the court acknowledged the presumption that because the claim did not recite “means for” performing a function, it should not be interpreted to be a means-plus-function limitation. However, because “program recognition device” and “program loading device” did not connote any particular structure, but instead referred to a general category of things that perform the specified function, the court found that the presumption was overcome, and the claim was interpreted to recite a means-plus-function limitation. Second, because the patent specification did not disclose any structure for performing the recited “program recognition” and “program loading” functions, the claims were invalid. Based on prior precedent, “If there is no structure in the specification corresponding to the means-plus-function limitation in the claims, the claim will be found invalid as indefinite.”

*Media Rights Technologies, Inc. v. Capital One Financial Corp.*, \_\_\_ F.3d \_\_\_, 2015 WL 5166358 (Fed. Cir. Sept. 4, 2015). Media Rights sued Capital One Financial for infringing a patent relating to a method of preventing unauthorized recording. The method claim at issue recited a step of “activating a compliance mechanism in response to receiving media content” and other steps referring to the “compliance mechanism.” The claim also referred to “a custom media device.” The district court

granted Capital One's motion for judgment on the pleadings, ruling that "compliance mechanism" and "custom media device" were indefinite, and because every claim in the patent contained these phrases, the entire patent was invalid. The Federal Circuit affirmed. First, although "compliance mechanism" does not use the word "means," the presumption that it not be interpreted as a means-plus-function limitation was overcome. The court noted that "compliance mechanism" does not refer to any clearly-defined or well-known structure. "We have never found that the term 'mechanism' – without more – connotes and identifiable structure; certainly, merely adding the modifier 'compliance' to that term would not do so either." Turning to the functions recited in the claim following "compliance mechanism," the court concluded that the specification failed to disclose an algorithm for carrying out these functions. Because specific structure was not disclosed, the claims were held to be indefinite.

**Key Take-Away:** Both the courts and the PTO are paying closer attention to clarity in patent claims, and rebuking attempts to assert vaguely-worded patents. Reliance on means-plus-function claiming techniques remains increasingly risky.

#### **4. Reissue Patent Invalid for Failure to Conform to "Original Patent"**

*Antares Pharma, Inc. v. Medac Pharma Inc.*, 771 F.3d 1354 (Fed. Cir. November 17, 2014). The Federal Circuit held that a reissue patent was invalid because it failed to comply with the "original patent" requirement of the reissue statute, 35 U.S.C. § 251. Antares sued Medac for infringement of a reissue patent directed to a medical injector device, and sought a preliminary injunction against Medac. As originally issued, all the patent claims were limited to a "jet-injection" feature. Before the two-year period for broadening reissue patents had expired, Antares filed a reissue application, adding more claims that more broadly covered injection devices that did not include the "jet-injection" feature. The Federal Circuit, applying U.S. Supreme Court case law stating that inventions claimed in a reissue patent must be more than "merely suggested or indicated" in the patent specification, concluded that the new claims were not sufficiently disclosed in the original patent specification. The court found it significant that the title of the invention, the abstract of the invention, and the summary of the invention all referred to the "jet-injection" feature ("The present invention relates to a needed assisted jet injector.") According to the Federal Circuit, "Nowhere does the specification disclose, in an explicit and unequivocal manner, the particular combinations of safety features claimed on reissue, separate and apart from the jet injection invention feature."

**Key take-away:** This case again highlights the importance of avoiding critical language in patent applications, or referring to "the invention" in the patent. Although this case involved a reissue application, similar problems can arise with regular, non-reissue patents.

## **5. On-Sale Bar Triggered by Contract for Services**

*The Medicines Co. v. Hospira, Inc.*, 791 F.3d 1368 (Fed. Cir. 2015). The Medicines Co. owns a patent relating to a drug used as an anti-coagulant. More than one year before filing the patent, the company hired an outside consultant to produce three batches of the drug with a certain level of impurity. After it sued Hospira for patent infringement, Hospira asserted that the contract with the outside consultant constituted an invalidating on-sale bar to the patent. The district court disagreed, concluding that there was not a “commercial offer for sale” of the later-patented drug, but instead only a manufacturing services contract. The Federal Circuit reversed, concluding that the commercial sale of services resulted in the patented product-by-process. The court found it significant that the batches were large, each batch having a commercial value of over \$10 million. According to the court, “To find otherwise would allow The Medicines Company to circumvent the on-sale bar simply because its contracts happened to only cover the processes that produced the patented product-by-process. This would be inconsistent with our principle that “no supplier exception exists for the on-sale bar.”

## **6. PTAB Proceedings**

*Automated Merchandising Systems, Inc. v. Lee*, 782 F.3d 1376 (Fed. Cir. 2015). Automated Merchandising sued Crane Company for infringement of four patents. While the litigation was pending, Crane filed four inter partes reexamination requests at the U.S. PTO, one for each patent. The PTO granted the requests and proceeded to reexamine the patents. Meanwhile, the parties settled their litigation, with Crane stipulating to the validity of the patents. Thereafter, Automated requested that the PTO terminate the reexamination proceedings on the basis of 35 U.S.C. § 317(b), which provides that once a final decision has been entered against a party in litigation without that party proving invalidity of the patents, that party may not then request reexamination of the patent. After the PTO refused to terminate the reexaminations, Automated sued the PTO in U.S. district court under the Administrative Procedure Act (APA). The district court denied Automated’s request, concluding that the settlement was not an adjudication on the merits.

On appeal, the PTO for the first time raised the argument that the decision to not terminate the proceeding was not a “final” agency action as required to proceed under the APA. The Federal Circuit agreed, finding that it should consider the issue for the first time on appeal due in part to the importance of the issue. The Federal Circuit also agreed that the decision to not terminate was not a “final agency action” because (1) it did not mark the “consummation” of the agency’s decision-making process, and (2) the decision did not determine any rights or obligations of the parties leading to any legal consequences.

*GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1309 (Fed. Cir. 2015). GTNX filed a petition

at the PTO for a Covered Business Method (CBM) review of four patents owned by INTTRA. After initially granting the petitions, the PTO reversed course and terminated the proceedings. GTNX appealed to the Federal Circuit, and INTTRA moved to dismiss the appeal. The Federal Circuit dismissed, on the basis that Section 323(e) of the AIA states that “the determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable.” Moreover, section 329 authorizes an appeal from the PTO only as to a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added by the patent owner. Because there was no final decision reached regarding patentability, there was no jurisdiction for an appeal from that decision. The Federal Circuit, treating the appeal as a petition for a writ of mandamus, also rejected that avenue, concluding that GTNX lacked any “clear and indisputable right” to relief.

*Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292 (Fed. Cir. 2015). Proxyconn owned a patent relating to increasing the speed of data access in a packet-switched network. Microsoft filed an IPR against the patent, and the PTO concluded that most of the claims were unpatentable. On appeal, Proxyconn argued that the PTO improperly denied its motion to amend certain claims. The PTO had denied the motion to amend because Proxyconn had failed to establish that the amended claims were patentable over a piece of prior art of record in the proceeding. The Federal Circuit upheld the PTO’s requirement that the patent holder establish patentability of an amended claim over prior art of record. According to the court, “If the patentee were not required to establish patentability of substitute claims over the prior art of record, an amended patent could issue despite the PTO having before it prior art that undermines patentability.”

*In re Cuozzo Speed Technologies, LLC*, 778 F.3d 1271 (Fed. Cir. 2015), *superseded by*, 2015 WL 4097949 (Fed. Cir. July 8, 2015). Cuozzo owns a patent relating to a speed limit indicator for vehicles. Garmin petitioned the U.S. PTO to institute inter partes review (IPR) regarding certain claims of the patent. The PTO granted the petition and instituted an IPR, resulting in a final written decision finding certain claims obvious. Cuozzo appealed, arguing that (1) the PTO improperly instituted an IPR based on prior art that was not identified in Garmin’s petition; and (2) the PTO should not have applied the “broadest reasonable interpretation” to the patent claims when evaluating their validity. The Federal Circuit affirmed, concluding that (1) the statutory scheme of the AIA prohibits review of a decision whether to institute an IPR, even on direct review of a final written decision; and (2) precedent spanning more than 100 years provided for review under the “broadest reasonable interpretation” before the PTO, in the absence of any statutory authority.

*Versata Development Group, Inc. v. SAP America, Inc.*, 793 F.3d 1306 (Fed. Cir. 2015). Versata owns a patent directed to a method and apparatus for pricing products. After Versata sued SAP for patent infringement, SAP petitioned the U.S. PTO to institute a covered business method (CBM) review of the patent at the U.S.

PTO. The PTO instituted the review, and concluded that the challenged claims were unpatentable under 35 U.S.C. § 101. Versata appealed the decision to the Federal Circuit, in which it decided a number of issues of first impression.

First, the Federal Circuit held that, notwithstanding the AIA's provision that a decision whether to institute a CBM proceeding is "nonappealable," the court nevertheless has the power to review the PTO's institution decision on appeal from the final written decision from the PTO, including whether the Versata patent qualifies as a "covered business method" patent. This stems from the general presumption favoring judicial review. It contrasted *In re Cuozzo Speed Technologies* (summarized above) on the grounds that (1) it did not involve a CBM review; and (2) it didn't explicitly address whether a final written decision could be reviewed for compliance with a limit on the PTAB's invalidation authority.

Second, the Federal Circuit held that the term "Covered Business Method Patent" applied to the Versata patent, which relates to a method for determining a price of a product. According to the court, "the definition of 'covered business method patent' 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 such as banks and brokerage houses. The plain text of the statutory definition contained in § 18(d)(1) – 'performing . . . operations used in the practice, administration, or management of a financial product or service' – on its face covers a wide range of finance-related activities."

Third, the Federal Circuit upheld the PTO's reliance on the "broadest reasonable interpretation" of patent claims when conducting the CBM proceeding. This was foreclosed by the court's recent *Cuozzo* decision (see above).

Fourth, the Federal Circuit held that the PTO had the statutory authority to cancel claims on the basis of 35 U.S.C. § 101. Despite the fact that the AIA only appears to provide the PTO with authority to invalidate patents on a ground specified in 35 U.S.C. § 282(b), which does not include 35 U.S.C. § 101, the court pointed to decisions by the U.S. Supreme Court and the Federal Circuit in which claims were invalidated under 35 U.S.C. § 101.

Finally, the Federal Circuit affirmed the PTO's decision on the merits, concluding that the claims at issue were directed to the abstract idea of determining a price, using organizational and product group hierarchies, in the same way that the claims in *Alice* were directed to the abstract idea of intermediated settlement. Applying the second step of *Alice*, the court concluded that none of the claims added sufficient limitations to transform them into patent-eligible subject matter.

Judge Hughes dissented in part, arguing that the Federal Circuit did not have the authority to review whether the CBM proceeding was validly instituted, in view of the "nonappealable" language of the AIA statute and conflicting with the recently-

issued *In re Cuozzo Speed Technologies* case.

*Versata Development Group, Inc. v. Lee*, 793 F.3d 1352 (Fed. Cir. 2015). Versata owns a patent directed to a method and apparatus for pricing products. After Versata sued SAP for patent infringement, SAP petitioned the U.S. PTO to institute a covered business method (CBM) review of the patent at the U.S. PTO. After the PTO granted the petition and instituted the review, Versata sued the U.S. PTO in the U.S. District Court for the Eastern District of Virginia, seeking to stop the PTO's institution of the CBM review. The district court dismissed the case for lack of subject matter jurisdiction, because the AIA expressly precludes review of such institution decisions. The Federal circuit affirmed, concluding that the AIA expressly precludes challenges to the PTO's decisions on instituting such reviews.

*Versata Software, Inc. v. Callidus Software, Inc.*, 771 F.3d 1368 (Fed. Cir. Nov. 20, 2014). Versata sued Callidus for infringing patents relating to management and tracking of sales information by a financial services company. Shortly thereafter, Callidus filed petitions with the PTO for covered business method (CBM) reviews of the patents. It then moved the district court to stay the litigation pending outcome of the CBM reviews. The district court declined to rule on the motion until the PTAB had made a decision. Thereafter, the PTAB instituted the proceeding as to one of the patents, and Callidus renewed its motion. The district court granted the motion as to the one patent, but denied it as to the remaining two patents. Callidus appealed the decision to the Federal Circuit, and while the appeal was pending, the PTO granted review as to the other two patents. [Note: the AIA provides authority for the Federal Circuit to review stay decisions pending PTO reviews]. The Federal Circuit reversed and remanded, taking judicial notice of the fact that the PTAB had instituted review as to all challenged claims of all three patents, and that a stay would greatly simplify the issues, even if not all of the claims in the litigation were challenged in the CBM proceeding.

**Key Take-Away:** Validity battles over patents are shifting to the U.S. PTO, which has increased power and authority to invalidate patents under the AIA. If a defendant can get patent litigation stayed pending outcome of proceedings at the PTO, it is likely that a patent invalidated by the PTO will result in nullification of the infringement litigation.

## 7. “Boilerplate” Consideration in Patent Assignment Sufficient to Enforce

*Memorylink Corp. v. Motorola Solutions, Inc.*, 773 F.3d 1266 (Fed. Cir. Dec. 5, 2014). Although its decision was based on Illinois state law, this case stands for the proposition that “boilerplate” consideration language in a patent assignment document (“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 . . .”) is sufficient to defeat a challenge that the assignment is void for lack of consideration. According to the Federal Circuit, “The use of boilerplate language

does not make the stated consideration invalid or nonexistent.”

## **8. Provisional Patent Applications as Prior Art**

*Dynamic Drinkware, LLC v. National Graphics, Inc.*, \_\_\_ F.3d \_\_\_, 2015 WL 5166366 (Fed. Cir. Sept. 4, 2015). Dynamic Drinkware appealed from a decision of the PTO, which decided to not reject certain claims as anticipated under 35 U.S.C. § 102(e). Dynamic argued that the claims were anticipated by an earlier patent, which claimed priority to an earlier-filed provisional patent application. The Federal Circuit affirmed, concluding that in order to qualify as prior art as of its earlier provisional filing date, the earlier provisional must provide support for the claims of the later non-provisional application. “We agree with National Graphics that the Board did not err in placing the burden on Dynamic, the petitioner in the inter partes review, to prove that the prior art Raymond patent was entitled to the filing date of its provisional application.” According to the Federal Circuit, “We ultimately agree with National Graphics, however, that the Board’s decision was supported by substantial evidence because Dynamic failed to compare the claims of the Raymond patent to the disclosure in the Raymond provisional application. A reference patent is only entitled to claim the benefit of the filing date of its provisional application if the disclosure of the provisional application provides support for the claims in the reference patent in compliance with 35 U.S.C. § 112, ¶ 1.”

## **B. Interpretation and Infringement of Patents**

### **1. Claim Construction**

*Teva Pharmaceuticals USA Inc. v. Sandoz*, 135 S.Ct 831 (2015). Teva owns a patent covering a manufacturing method for the multiple sclerosis drug Copaxone. After Sandoz tried to market a generic version of the drug, Teva sued Sandoz for patent infringement. The patent claims recited that the active ingredient had “a molecular weight of 5 to 9 kilodaltons,” which Sandoz argued rendered the claims indefinite, since there were three different ways of measuring the weight. The district court disagreed, but the Federal Circuit reversed. In reversing the district court, the Federal Circuit applied its *de novo* review of claim interpretations made by the district court – in other words, it gave no deference to any of its findings. The U.S. Supreme Court vacated and remanded the case to the Federal Circuit, ordering it to review subsidiary factual findings involving claim construction under the more deferential “clear error” standard provided by Federal Rule of Civil Procedure Rule 52(a). However, the Court made clear that “when the district court reviews only evidence intrinsic to the patent (the patent claims and specifications, along with the patent’s prosecution history), the judge’s determination will amount solely to a determination of law, and the Court of Appeals will review that construction *de novo*.” The Court also noted that in this case, the district court specifically credited Teva’s expert regarding how “molecular weight” would be understood and rejected Sandoz’s expert’s testimony regarding the same. According to the Court, “The Federal Circuit should have



accepted the District Court’s finding unless it was ‘clearly erroneous.’”

Note: On remand from the U.S. Supreme Court, the Federal Circuit again concluded that the claims were indefinite, 789 F.3d 1335 (Fed. Cir. 2015). The court relied on the Supreme Court’s *Nautilus v. Biosig* case, which made it easier to find that claims are indefinite. According to the Federal Circuit, “The meaning one of skill in the art would attribute to the term molecular weight in light of its use in the claims, the disclosure in the specification, and the discussion of this term in the prosecution history is a question of law. The district court should not defer to Dr. Grant’s ultimate conclusion about claim meaning in the context of this patent nor do we defer to the district court on this legal question.”

*Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, 790 F.3d 1329 (Fed. Cir. 2015), *superseding* 744 F.3d 1272. In a case that went to the U.S. Supreme Court and back, the Federal Circuit on remand affirmed the district court’s interpretation of the claimed phrase “voltage source means.” The district court had initially ruled that this phrase was indefinite because it was a means-plus-function phrase without any corresponding structure in the patent specification. The district court thereafter reversed itself, concluding that expert testimony (i.e., extrinsic evidence) showed that a person of ordinary skill in the art would interpret this phrase as corresponding to a rectifier, which converts alternative current into direct current. The Federal Circuit initially reversed, but then reheard the case en banc, reaffirming that claim construction was subject to de novo review. The U.S. Supreme Court, citing its recent *Teva Pharmaceuticals v. Sandoz* decision, vacated and remanded to the Federal Circuit to apply a “clear error” standard of review for “subsidiary” factual questions relating to claim interpretation. On remand, the Federal Circuit affirmed the district court’s construction, concluding that because it relied on extrinsic evidence that did not contradict the intrinsic evidence, “the district court’s factual findings are supported by the record.”

**Key take-away:** Based on this decision, it seems likely that parties might seek to introduce more extrinsic evidence during Markman hearings, in an attempt to reduce the chances that the Federal Circuit would reverse a claim construction decision on appeal.

*Shire Development, LLC v. Watson Pharmaceuticals, Inc.*, 787 F.3d 1359 (Fed. Cir. 2015). In another case that went to the U.S. Supreme Court and back, the Federal Circuit reinstated its earlier decision in the case. In 2014, the Federal Circuit reversed a district court’s claim interpretation and remanded for further proceedings, applying a de novo standard of review. The U.S. Supreme Court vacated the decision and ordered the Federal Circuit to reconsider in view of the U.S. Supreme Court’s decision in *Teva Pharmaceuticals USA v. Sandoz, Inc.*, which held that the Federal Circuit must give deference to a district court’s factual underpinning in claim construction rulings. On remand, the Federal Circuit concluded that “Because this case does not involve factual findings to which we owe deference under *Teva*, we

again reverse the district court’s constructions of the disputed claim terms and subsequent findings of infringement, and remand for further proceedings.” The court cited the U.S. Supreme Court’s statement in *Teva* that “When the district court reviews only evidence intrinsic to the patent (the patent claims and specifications, along with the patent’s prosecution history), the judge’s determination will amount solely to a determination of law, and [we] will review that construction de novo.” The court rejected Shire’s argument that because the district court “heard” testimony from various expert witnesses during a Markman hearing and at trial, the court must defer to the district court’s claim construction.

*Williamson v. Citrix Online, LLC*, 792 F.3d 1339 (Fed. Cir. 2015). Williamson sued Citrix for infringement of a patent relating to distributed learning. The district court issued a claim construction order interpreting the patent claims. As to one claim limitation, a “distributed learning control module,” the district court concluded that this was a means-plus-function limitation, but that there was no corresponding structure disclosed in the specification – hence the claim was invalid. Williamson stipulated to an adverse judgment based on these claim constructions, then appealed. The Federal Circuit, acting *en banc* as to one part of the opinion, overruled prior precedent that had imposed a “strong presumption that is not easily overcome” that claim elements should not be interpreted to be in means-plus-function form unless they used the term “means.” According to the court, “Our consideration of this case has led us to conclude that such a heightened burden is unjustified and that we should abandon characterizing as ‘strong’ the presumption . . . .” The court further explained that “The standard is 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.”

As applied to the facts of this case, the court noted that the full claim limitation at issue, “distributed learning control module for receiving communications transmitted between the presenter and the audience member computer systems and for relaying the communications to an intended receiving computer system and for coordinating the operation of the streaming data control module,” was essentially in means-plus-function form except it replaced the word “means” with “module.” The court cited prior precedent holding that “module” was a substitute for the word “means” and did not connote any particular structure.

## **2. Disclaimer of Claim Scope**

*Pacing Technologies, LLC v. Garmin International, Inc.*, 778 F.3d 1021 (Fed. Cir. 2015). Pacing Technologies sued Garmin International for infringing a patent relating to a system for pacing users during activities that involve repeated motions, such as running and swimming. The district court interpreted the patent claims to be limited to devices that play pace information as a metronomic tempo, and granted summary judgment of non-infringement in favor of Garmin. The question on appeal was whether the claim, which recited in its preamble “repetitive motion pacing

system for pacing a user” should be limited to producing a “tempo.” The Federal Circuit affirmed, pointing to the “objects of the invention” as a disclaimer of claim scope. According to the Federal Circuit, “Immediately following the enumeration of the different objects of the present invention, the ‘843 patent states that ‘those [listed 19 objects] and other objects and features of the present invention ‘are accomplished, as embodied and fully described herein, by a repetitive motion pacing system that includes . . . a data storage and playback device adapted to producing the sensible tempo.’” The court explained that, “With these words, the patentee does not describe yet another object of the invention – he alerts the reader that the invention accomplishes *all* of its objects and features (the enumerated 19 and all others) with a repetitive motion pacing system that includes a data storage and playback device adapted to produce a sensible tempo. . . . this clearly and unmistakably limits ‘the present invention’ to a repetitive motion pacing system having a data storage and playback device that is adapted to producing a sensible tempo.”

### 3. New Test for Direct Infringement

*Limelight Networks, Inc. v. Akamai Technologies*, 797 F.3d 1020 (Fed. Cir. 2015) (en banc), *on remand from* 134 S.Ct. 2111 (2014). This is a complicated, long-running case. M.I.T. owns a patent that claims a method of delivering electronic data using a content delivery network. Akamai, the exclusive licensee of the patent, contracts with website owners to improve content delivery by designating certain components of the web site to be stored on Akamai’s servers in a process known as “tagging.” By serving the content from different servers, Akamai is able to increase the speed with which Internet users access the content on the websites. Defendant Limelight also carries out several steps of the patented method, but as to one of the patented steps, instead of tagging those components of the websites that are stored on its servers as claimed, Limelight requires its customers to do their own “tagging.” **In other words, most of the steps are performed by Limelight, but at least one of the steps is performed by Limelight’s customers.**

In 2006, Akamai sued Limelight for patent infringement, and a jury awarded \$40 million in damages. After the jury verdict, the Federal Circuit decided another case, *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008), which held that a party could only be liable for infringement if a single entity performed all of the claimed method steps, or if a single defendant “exercises control or direction” over the entire process such that every step is attributable to the controlling party. Because the defendant in *Muniauction* did not exercise control or direction over its customers’ performance of the steps, no infringement could be found. In light of *Muniauction*, the district court granted Limelight’s motion to set aside the verdict on the basis that no direct infringement existed, and because Limelight did not control or direct its customer’s “tagging” operation, no infringement could be found.

The Federal Circuit initially affirmed, concluding that a defendant that does not itself perform all of the steps of a patented method can be eligible for direct infringement

only “when there is an agency relationship between the parties who perform the method steps or when one party is contractually obligated to the other to perform the steps.” Because Limelight did not have control over its customers, the customer’s tagging operations could not be attributed to Limelight.

The Federal Circuit reheard the *Limelight* case en banc and reversed. The en banc court did not revisit its direct infringement case law, but instead concluded that “the evidence could support a judgment in Akamai’s favor on a theory of induced infringement” under 35 U.S.C. § 271(b). This was true, according to the Federal Circuit, because liability for induced infringement arises when a defendant carries out some steps constituting a method patent and encourages others to carry out the remaining steps, even if no one would be liable as a direct infringer.

The U.S. Supreme Court reversed and remanded. Beginning with the proposition that there can be no liability for induced infringement unless there is a single direct infringer, Justice Alito blasted the Federal Circuit, stating that “The Federal Circuit’s analysis fundamentally misunderstands what it means to infringe a method patent. A method patent claims a number of steps; under this Court’s case law, the patent is not infringed unless all the steps are carried out.” The Court explained that “where there has been no direct infringement, there can be no inducement of infringement under § 271(b).” The Court rejected the analogy that tort law imposes liability on a defendant who harms another through a third party, even if that third party would not himself be liable. “Because Limelight did not undertake all steps of the ‘703 patent and cannot otherwise be held responsible for all those steps, respondents’ rights have not been violated.” The Court also rejected an analogy to the federal aiding and abetting statute. The Court did, however, acknowledge the danger in permitting a would-be infringer to evade liability by dividing performance of a method claim with another whom the defendant neither directs nor controls, but noted that such an anomaly “would result from the Federal Circuit’s interpretation of § 271(a) in *Muniauction*,” suggesting that the holding in that case was questionable. The Court also rejected Akamai’s suggestion that the Supreme Court review the Federal Circuit’s earlier *Muniauction* decision, stating that “we decline to do so today.” The case was remanded to the Federal Circuit with the caveat that “the Federal Circuit will have the opportunity to revisit the § 271(a) question if it so chooses.”

On remand from the U.S. Supreme Court, the en banc Federal Circuit reversed its earlier decision, concluding that a patent owner can establish direct infringement when “an alleged infringer conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establishes the manner or timing of that performance.” **In those instances, “the third party’s actions are attributed to the alleged infringer such that the alleged infringer becomes the single actor chargeable with direct infringement.”** The court also stated that “Alternatively, where two or more actors form a joint enterprise, all can be charged with the acts of the other, rendering each liable for the steps performed by the other as if each is a single actor.”

As applied to the facts of Limelight and Limelight’s customers, the jury heard substantial evidence that Limelight directed or controlled its customers’ performance of each remaining method step, such that all steps of the method are attributable to Limelight. Limelight conditioned its customers’ use of its content delivery network upon its customers’ performance of the tagging and serving steps, and that Limelight established the manner or timing of its customers’ performance. Limelight required all of its customers to sign a standard contract under which the customers were required to perform the tagging and serving content steps. Limelight also provided step-by-step instructions to its customers telling them how to do the steps. Finally, Limelight’s engineers continuously worked with its customers to supervise their activities. Based on this evidence, the en banc court held that Limelight directed or controlled its customers’ performance of each remaining method step, and therefore Limelight was liable as a direct infringer.

**Key Take-Away:** Although this case opens the door to proving infringement even where two different entities are performing steps of a method claim, the importance of careful claim drafting, particularly when drafting method claims involving computer technology, cannot be overemphasized. Claims that involve participation by more than one person or corporate entity may be difficult to enforce in court, leaving patent owners with little or no recourse.

#### **4. Infringement of Design Patents**

*Apple Inc. v. Samsung Electronics Co*, 786 F.3d 983 (Fed. Cir. 2015). In this long-running patent dispute between Apple and Samsung over smartphone technology, Apple was awarded damages for infringement of, among other things, design patents directed to the ornamental appearance of Apple’s phones. On appeal, Samsung argued that it should not have been found liable for infringement of the design patents because any similarity was limited to the basic or functional elements of the design patents, rather than the ornamental appearance. Citing prior case law stating that the scope of design patent claims must be construed in order to identify the non-functional aspects of the design as shown in the patent, Samsung argued that the district court should have “excluded” the functional aspects of the design patents in the jury instructions. The Federal Circuit affirmed, concluding that prior case law “does not support Samsung’s proposed rule of eliminating any ‘structural’ aspect from the claim scope.” Instead, as long as the jury instructions “as a whole” conveyed the message that “the ornamental design” as shown in the patents defined the scope of the design patents, the instructions were proper.

#### **5. Infringement By Exporting Components of Patented Invention**

*Promega Corp. v. Life Technologies Corp.*, 773 F.3d 1338 (Fed. Cir. Dec. 15, 2014). Promega owns a patent that claims a “kit” for analyzing DNA samples. Life Technologies sells kits that allegedly infringe, but only one of the components is

made in the United States. The one component is then shipped overseas, where it is combined with the remaining components that allegedly constitute infringement. Promega sued under 35 U.S.C. § 271(f)(1), which states that “Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.” Life Technologies argued that because it only exported one component, it could not be liable for “all or a substantial portion of the components.” The Federal Circuit disagreed, noting that “Nothing in the ordinary meaning of ‘portion’ suggests that it necessarily requires a certain quantity or that a single component cannot be a ‘portion’ of a multi-component invention. Rather, the ordinary meaning of ‘substantial portion’ suggests that a single important or essential component can be a ‘substantial portion of the components’ of a patented invention.”

## C. **Enforcement of Patents**

### 1. **Standards-Essential Patents**

*Microsoft Corp. v. Motorola, Inc.*, 795 F.3d 1024 (9<sup>th</sup> Cir. 2015). Microsoft sued Motorola for breach of contract, alleging that Motorola had an obligation to license its standards-essential Wi-Fi patents to Microsoft at a reasonable and non-discriminatory (“RAND”) rate, and that Motorola breached its RAND obligations by sending two offer letters with offers that greatly exceeded what would be considered as reasonable. A jury determined that Motorola had breached its RAND good faith and fair dealing obligations and awarded damages. The Ninth Circuit affirmed in all respects, concluding that: (1) Motorola waived any challenge to a bench trial establishing a RAND royalty rate; (2) the district court’s royalty calculation properly applied a “hypothetical agreement” approach to determining patent damages; (3) substantial evidence supported the jury’s verdict; and (4) Microsoft was entitled to attorney fees.

### 2. **Limitations on Suing Customers When Sellers are Primary Target**

*Speedtrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317 (Fed. Cir. 2015). SpeedTrack sued Office Depot and others for infringing a patent relating to a computer filing system for accessing files and data according to user-designated criteria. According to the complaint, the defendants’ websites infringed the patent. The infringement was allegedly caused by the defendants’ use of certain software purchased from Endeca. In other words, the patent owner sued the customers instead of the entity that made and sold the software. The district court granted summary judgment in favor of the defendants on the grounds of the so-called *Kessler* doctrine (*Kessler v. Eldred*, 206 U.S. 285 (1907)), a U.S. Supreme Court decision that bars a patent infringement action against a customer of a seller who has previously prevailed

against the patent owner. In this case, Speedtrack had previously sued Wal-Mart and others over the use of the same software, resulting in the software seller (Endeca) intervening in that case. The district court in that case entered final judgment of non-infringement in favor of Endeca and Wal-Mart, which was affirmed on appeal. (Note: the lawsuit against Office Depot was filed while the Wal-Mart action was still pending).

Speedtrack then appealed from the Office Depot judgment, arguing that the *Kessler* doctrine was “obsolete” and distinguishable. The Federal Circuit affirmed, concluding that the doctrine was still alive and well. Under that doctrine, a party who obtains a final adjudication of non-infringement in its favor obtains the right to make and use the product in question, and the right attaches to the product, not merely to the party that made the product. The court also rejected Speedtrack’s argument that *Kessler* did not address whether customers had the right to invoke the *Kessler* doctrine. According to the Federal Circuit, “the rationale underlying the *Kessler* doctrine supports permitting customers to assert it as a defense to infringement claims.”

### **3. Attorney Fees**

*Oplus Technologies, Ltd. v. Vizio, Inc.*, 782 F.3d 1371 (Fed. Cir. 2015). Oplus sued Vizio for patent infringement, but the district court awarded summary judgment of non-infringement in favor of Vizio. Despite numerous acts of litigation misconduct committed by the plaintiff, including “manufacturing venue” in Illinois, misusing and abusing the discovery process, its law firm (Niro Haller & Niro) issuing a subpoena against itself to seek a document it knew was subject to a protective order in a prior unrelated lawsuit; and presenting contradictory expert evidence and infringement contentions as well as misrepresenting legal and factual support, the district court found the case “exceptional” under 35 U.S.C. § 285, but declined to award attorney fees. The Federal Circuit vacated the fees decision, noting firstly that its prior case law – which required that patent litigants establish entitlement to fees by clear and convincing evidence – had been recently overturned by the U.S. Supreme Court in *Octane Fitness*. After detailing the many litigation abuses by Oplus, the Federal Circuit concluded that “when, as here, a court finds litigation misconduct and that a case is exceptional, the court must articulate the reasons for its fee decision.”

**Key Take-Away:** It will be increasingly easier to get attorney’s fees for meritless patent cases, which might discourage so-called “patent trolls” in the coming months and years. Time will tell how far courts are willing to go in making such awards.

### **4. Induced Infringement at the ITC**

*Suprema, Inc. v. International Trade Commission*, 796 F.3d 1338 (Fed. Cir. 2015). The Federal Circuit, in an *en banc* decision, reversed its earlier decision involving whether the ITC had jurisdiction to find induced infringement. In its original

decision, a panel of the Federal Circuit held that the ITC may not issue an exclusion order barring importation of products that infringe only under a theory of induced infringement, where no direct infringement occurs until after importation of the articles the exclusion order would bar. In this case, the direct infringement did not occur until after Mentalix combined Suprema's products with its own software, thus making Suprema allegedly liable for induced infringement. The Federal Circuit based its decision on the language of the ITC statute (section 337), which refers to importation of "articles that . . . infringe a valid and enforceable United States patent." After a rehearing *en banc*, the Federal Circuit changed its mind, concluding that the ITC's interpretation of the statute was reasonable and entitled to *Chevron* deference. Many cheered the new decision, because the earlier ruling had been criticized for providing a way for importers to circumvent ITC enforcement actions by break up infringing products into two pieces and bringing them into the United States separately. Now, an importer can be held liable for induced infringement at the ITC even if the infringement does not occur until after the articles are imported into the U.S.

## **5. Infringement Damages for Design Patents – No “Apportionment”**

*Apple Inc. v. Samsung Electronics Co.*, 786 F.3d 983 (Fed. Cir. 2015). In this long-running dispute between Apple and Samsung involving patented smartphone technology, a jury awarded Apple damages against Samsung based on Samsung's "entire profit" for infringement of Apple's design patents. Samsung appealed, arguing that the jury should have been instructed that Apple could only recover damages for "profit attributable to the infringement." The Federal Circuit rejected this argument, concluding that the wording of the design patent infringement statute – 35 U.S.C. § 289, permits an award of the "total profit" made by the infringer, without any apportionment. In a footnote, the court dismissed the concerns of a group of law professors who had filed an amicus brief urging that such a rule "makes no sense in the modern world." According to the Federal Circuit, "Those are policy arguments that should be directed to Congress."

## **6. Exclusive Licensee Lacked “All Substantial Rights” to Bring Suit**

*Alps South, LLC v. The Ohio Willow Wood Co.*, 787 F.3d 1379 (Fed. Cir. 2015). Alps South makes and sells liners used as a cushion between an amputated limb and a prosthetic limb. Alps signed an exclusive license with the patent owner covering such a liner, giving Alps the right to sue over the patent. Alps sued The Ohio Willow Wood Co. for patent infringement, but Ohio Willow argued that Alps did not have standing to sue for patent infringement because it lacked "all substantial rights" in the patent. The Federal Circuit agreed, noting that (1) the license was restricted to a particular field of use; (2) the license prohibited Alps from settling any infringement actions without the patent owner's consent; (3) the patent owner retained the right to sue if Alps failed to sue within 6 months of learning of infringement; and (4) the license limited Alps's right to pursue patent infringement to the same field of use.



According to the Federal Circuit, “the original agreement’s field of use restriction is fatal to Alps’s argument that it had standing to file this action.” Because the license restricted Alps’s rights to a particular field of use, it lacked standing to sue unless it had joined the patent owner in the suit. The Federal Circuit also rejected Alps’s argument that a nunc pro tunc amended licensing agreement that eliminated this field of use was ineffectual, because “nunc pro tunc assignments are not sufficient to confer retroactive standing.”

## **7. “Prevailing Party” Need Not Prevail on All Counts**

*SSL Services, LLC v. Citrix Systems, Inc.*, 769 F.3d 1073 (Fed. Cir. 2015). SSL Services sued Citrix for infringing two patents relating generally to virtual private networks. After a jury trial, SSL prevailed on infringement as to one of the patents, while Citrix prevailed (non-infringement) as to the other patent. The jury awarded \$10 million in damages. The district court concluded that because each party won on one of the patents, neither was the “prevailing party” for purposes of awarding attorney fees and costs. The Federal Circuit reversed, noting that “despite some success by Citrix in defending against some of SSL’s claims, we agree with SSL that it is the prevailing party. SSL has a judgment for damages against Citrix. This judgment is a ‘relief on the merits [that] materially alters the legal relationship’ of the parties.” Finding SSL to be the prevailing party, however, does not automatically entitle it to any particular level of fees. The court vacated and remanded to the district court to assess the amount of fees or costs to award to SSL in connection with the claims on which it prevailed.

## **8. Willful Infringement – PTO’s Reexamination Showed Lack of Merit**

*SSL Services, LLC v. Citrix Systems, Inc.*, 769 F.3d 1073 (Fed. Cir. 2015). SSL Services sued Citrix for infringing two patents relating generally to virtual private networks. After a jury awarded \$10 million in damages and found that the infringement was willful, the district court increased the damages to \$15 million. Citrix appealed, arguing that the willfulness finding was erroneous. To establish willful infringement, the patent must show clear and convincing evidence that (1) the infringer acted despite an objectively high likelihood that its actions constituted infringement; and (2) that this objectively-defined risk was either known or so obvious that it should have been known to the accused infringer. As to the objective prong, the court found that because the PTO had rejected invalidity arguments in an ex parte reexamination involving the same prior art that Citrix asserted at trial, it was unreasonable for Citrix to believe that it could have shown invalidity under the higher “clear and convincing” evidentiary burden at trial.

## **9. Infringement Damages**

*Ericsson, Inc. v. D-Link Systems, Inc.*, 773 F.3d 1201 (Fed. Cir. Dec. 4, 2014). Ericsson sued D-Link and others for infringement of standards-essential patents

(SEP) relating to Wi-Fi technology. A jury found that D-Link infringed the patents and awarded \$10 million in damages. On appeal, D-Link argued that the jury was not properly instructed regarding how to calculate a reasonable royalty using the so-called “*Georgia-Pacific* factors.” The Federal Circuit vacated in part, concluding that because Ericsson was obligated to license the patents under RAND terms (“reasonable and nondiscriminatory”), many of the *Georgia-Pacific* factors were irrelevant and should have been excluded. For example, the fourth *Georgia-Pacific* factor is “the licensor’s established policy and marketing program to maintain his patent monopoly by not licensing others.” But because of its RAND obligation, Ericsson could not have such a policy. As a second example, the fifth *Georgia-Pacific* factor is “the commercial relationship between the licensor and licensee,” which the Federal Circuit found to be irrelevant in view of Ericsson’s obligation to offer licenses at a non-discriminatory rate. As a third example, the eighth *Georgia-Pacific* factor accounts for an invention’s “current popularity,” which the Federal Circuit concluded would be “inflated” due to because the Wi-Fi standard requires the use of the invention. In summary, “the district court erred by instructing the jury on multiple *Georgia-Pacific* factors that are not relevant, or are misleading, on the record before it . . . .”

The Federal Circuit also held that the royalty rate for standard-essential patents must be apportioned to the value of the patented invention. “When dealing with SEPs, there are two special apportionment issues that arise. First, the patented features must be apportioned from all of the unpatented features reflected in the standard. Second, the patentee’s royalty must be premised on the value of the patented feature, not any value added by the standard’s adoption of the patented technology. For example, although the 802.11 standard encompasses numerous technologies including link establishment, security protocols, error control, and flow control, one of the patents at issue only covers the ability of the system to prioritize time-sensitive payloads by informing the system what type of data is in each transmission. The court also required that “apportionment of the value of the patented technology from the value of its standardization.” According to the court, “In other words, widespread adoption of standard essential technology is not entirely indicative of the added usefulness of an innovation over the prior art.” The court held that **“the jury must be told to differentiate the added benefit from any value the innovation gains because it has become standard essential.”** The court, however, rejected D-Link’s argument that the jury should have been instructed about the dangers of royalty stacking unless there was actual evidence of such stacking.

*Info-Hold, Inc. v. Muzak LLC*, 783 F.3d 1365 (Fed. Cir. 2015). Info-Hold owns a patent relating to a system for playing music and advertisements through telephones and public speaker systems. Info-Hold sued Muzak for patent infringement, and Info-Hold based its damages case on the report and testimony of its expert. The district court struck Info-Hold’s expert from testifying because of various defects in his analysis. The district court then ruled that Info-Hold had failed to introduce any evidence on damages and struck its damages case. On appeal, the Federal Circuit

reversed, holding that 35 U.S.C. § 284 requires that the court award damages “in an amount no less than a reasonable royalty” even if the patent owner has not evidence to offer. The Federal Circuit pointed to deposition testimony that the court could have considered in arriving at a reasonable royalty.

*WesternGeco L.L.C v. ION Geophysical Corp.*, 791 F.3d 1340 (Fed. Cir. 2015). WesternGeco sued ION Geophysical Corp. for infringement of patents relating to marine seismic streamer technology that is deployed behind ships. A jury found infringement and awarded \$93 million in lost profits damages and \$12 million in reasonable royalties damages. The infringement verdicts were based on 35 U.S.C. § 271(f), which establishes liability for exporting from the U.S. components of a patented invention that are combined outside the U.S. in an infringing manner. On appeal, ION Geophysical attacked the \$93 million in lost profits damages, arguing that the patent owner is not entitled to lost profits made overseas due to the infringement. The Federal Circuit agreed, explaining that “WesternGeco cannot recover lost profits resulting from its failure to win foreign service contracts, the failure of which allegedly resulted from ION’s supplying infringing products to WesternGeco’s competitors.” According to the Federal Circuit, however, “Patentees are still entitled to a reasonable royalty, and WesternGeco received such a royalty here.”

## **10. Inequitable Conduct**

*American Calcar, Inc. v. American Honda Motor Co.*, 768 F.3d 1185 (Fed. Cir. 2015). Since the Federal Circuit’s 2011 en banc decision in *Therasense Inc. v. Becton, Dickinson and Co.*, 649 1276 (Fed. Cir. 2011), it has been much harder to prove that a patent applicant engaged in inequitable conduct that renders a patent unenforceable. This is a rare case in which such a ruling was upheld. Calcar sued Honda for patent infringement involving a multimedia system for use in a car to access vehicle information, but Honda asserted that the patents were unenforceable due to inequitable conduct – specifically, one of the co-inventors submitted only partially complete information to the U.S. PTO regarding a prior art navigation system. The district court, applying the *Therasense* standard, found that the patents were unenforceable due to inequitable conduct. First, the court found that “but for” the failure to disclose fully the prior art navigational system to the PTO, the patents would never have been issued. Second, the court concluded that the single reasonable inference to be drawn from the failure to disclose was an intent to mislead the PTO. The Federal Circuit affirmed, agreeing that the slight difference between the claimed invention and the (never-disclosed) navigational system would have rendered the invention obvious. It also agreed that, based on inconsistent testimony by the co-inventor in a prior lawsuit, the co-inventor’s direct role in preparing the patent application, and his possession of photographs and details of the prior art system that were never provided to the U.S. PTO, he intended to mislead the PTO.

## 11. Patent Exhaustion

*Helferich Patent Licensing, LLC v. The New York Times Co.*, 778 F.3d 1293 (Fed. Cir. 2015). Helferich owns several patents relating to sending messages containing hyperlinks to mobile devices. Helferich sued the New York Times and other defendants for patent infringement. The district court granted summary judgment to the defendants on the ground of patent exhaustion. Because Helferich had licensed its patents to handset manufacturers, the district court concluded that Helferich had exhausted its ability to enforce the patents against content providers that send content to the handsets.

The Federal Circuit reversed. It began by noting that there were two sets of patent claims at issue: (1) “handset claims” that are directed to activities occurring on the handset devices (e.g., receiving information and requesting services); and (2) “content claims” that are directed to handling content that is sent to handset devices. In this case, only the “content claims” were asserted against the defendants. Each set of claims was presumed to be patentably distinct from the other set. Helferich had licensed its portfolio to most handset manufacturers, but the licenses carefully distinguished between the conduct of handset makers, and the conduct of others, such as content providers (i.e., the defendants in this case). The licenses also clearly disclaimed any grant of rights to content providers and reserved Helferich’s enforcement rights against them. According to the Federal Circuit, infringement of the “content claims” has not been shown to require that handset acquirers are practicing those claims.

*Lexmark International, Inc. v. Impression Products, Inc.*, 785 F.3d 565 (Fed. Cir. 2015). After an initial hearing before a panel, the Federal Circuit sua sponte issued an order in this case that the case be heard *en banc*. At issue is whether the sale of articles abroad that are patented in the United States exhausts the patent rights in the United States. It also ordered hearing as to whether the sales of patented articles to end users under a restriction that they use the articles (ink cartridges) and return them gives rise to patent exhaustion. [Disclosure notice: Banner & Witcoff represents the patent owner -- Lexmark -- in this case.]

## 12. Induced Infringement – Belief in Invalidity as Defense

*Commil USA, LLC v. Cisco Systems, Inc.*, 135 S.Ct. 1920 (2015). Commil sued Cisco for patent infringement, and a jury awarded damages for induced infringement. On appeal, the Federal Circuit held that Cisco’s good-faith belief that the patent was invalid could defeat an accusation of induced infringement. According to the court, “We see no principled distinction between a good-faith belief of invalidity and a good-faith belief of non-infringement for the purpose of whether a defendant possessed the specific intent to induce infringement of a patent.” Five judges dissented from the denial of the petition for rehearing *en banc*. According to Judge Reyna, “infringement and invalidity are separate issues under the patent code and our

precedent.”

The U.S. Supreme Court reversed, holding that “the scienter element for induced infringement concerns infringement; that is a different issue than validity.” According to the Court, “because infringement and validity are separate issues under the [Patent] Act, belief regarding validity cannot negate the scienter required under §271(b).” The Court found it significant that issues of infringement and validity appear in separate sections of the patent statute. It also concluded that allowing such a new defense would undermine the presumption of validity that attaches to issued patents.

### **13. Interplay Between District Court Litigation and PTAB Proceedings**

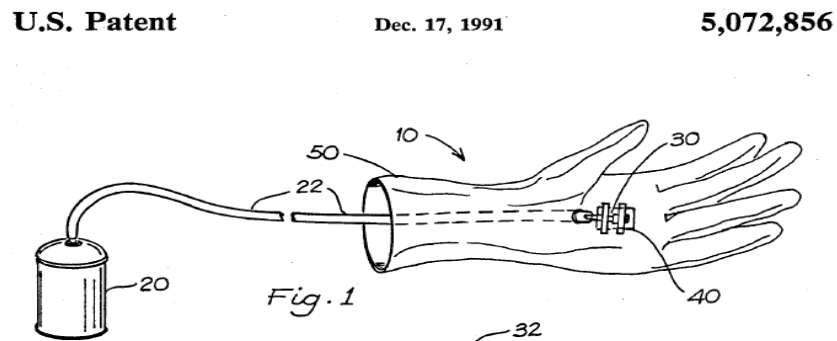
*Benefit Funding Systems LLC v. Advance America Cash Advance Centers Inc.*, 767 F.3d 1383 (Fed. Cir. Sept. 25, 2014). Benefit Funding Systems sued for infringement of a patent relating to a system and method for enabling beneficiaries of retirement benefits to convert future benefits into current resources. Ten months after the lawsuit was filed, one of the defendants filed a petition with the PTAB for post-grant review of the claims under the Transitional Program for Covered Business Method (CBM) Patents. The defendants then filed a motion to stay the litigation pending outcome of the PTAB proceeding, which the district court initially denied. The PTAB then instituted a CBM review on the patent claims on the grounds that they were not patent-eligible under 35 U.S.C. § 101. The defendants renewed their motion for a stay, which the district court granted. Benefit Funding Systems appealed, and the Federal Circuit affirmed the stay, agreeing with the district court that all four statutory factors set forth in AIA Section 18(b) weighed in favor of a stay. As to the first factor, because the PTAB granted review as to all patent claims involved in the litigation, simplification of the issues was likely. As to the second factor, discovery in the litigation was not complete, and no trial date had yet been set. As to the third factor, the plaintiff did not actually practice the invention and was not a competitor of the defendants. As to the fourth factor, a stay would likely reduce the burden on the court. The Federal Circuit also rejected the patent owner’s argument that the PTAB was not authorized to conduct a CBM review on the basis of 35 U.S.C. § 101, holding that this was a “collateral attack” on the PTAB’s decision.

*Intellectual Ventures II LLC v. JPMorgan Chase & Co.*, 781 F.3d 1372 (Fed. Cir. 2015). Intellectual Ventures sued JPMorgan Chase for infringement of five patents. JPMC moved to stay the lawsuit on the grounds that it intended to file petitions at the PTO seeking covered business method patent reviews of the patents. After two of the petitions were filed, but before the PTO had ruled on them, the district court denied the motion to stay, and JMPC appealed. The Federal Circuit dismissed the appeal on the ground that it did not have authority to review the district court’s decision because the PTO had not yet instituted a review. According to the Federal Circuit, the AIA statute only permits review of a decision relating to “a proceeding,” meaning an institution decision made by the PTO.

*Exela Pharma Sciences, LLC v. Lee*, 781 F.3d 1349 (Fed. Cir. 2015). Patent owner SCR Pharmatop entered the U.S. national stage of its PCT application after the 30-month deadline had expired under the patent statute. Because the patent owner missed that deadline, it filed a petition to revive the application the ground that the delay was “unintentional,” using a form provided by the U.S. PTO for such purpose. The PTO granted the petition, and proceeded to examine the application. Exela Pharma sued the PTO under the Administrative Procedure Act (APA), challenging its authority to grant such petitions, and requesting that the PTO cancel the resulting patent. The district court held that the sued was barred by statute of limitations. The Federal Circuit affirmed, on the ground that “PTO revival rulings are not subject to third party collateral challenge, thereby precluding review regardless of whether Exela’s claims were time-barred.”

#### 14. Patent Royalty Obligations Extending Beyond Patent Term

*Kimble v. Marvel Entertainment, LLC*, 135 S.Ct. 2401 (2015). In 1991, Kimble obtained a patent on a toy that allows kids to shoot “spider-man” string from a glove.



After Kimble sued Marvel for patent infringement, the parties settled the litigation. The settlement agreement provided that Marvel would purchase Kimble’s patent in exchange for a lump sum and a 3% royalty on Marvel’s future sales. There was no end date for the payment of royalties. Sometime later, Marvel discovered the U.S. Supreme Court’s decision in *Brulotte v. Thys Co.*, 379 U.S. 29 (1964), which held that a patent holder may not charge royalties for use of the invention after the patent has expired. Marvel then filed a declaratory judgment action against Kimble, seeking a declaration that it could stop paying royalties in 2010, when the patent expired. The district court granted the relief, which was upheld on appeal by the Ninth Circuit. Kimble petitioned for review by the U.S. Supreme Court, which affirmed. The Supreme Court declined to overrule its precedent, noting that there were various ways to work around the rule, such as deferring payments for pre-expiration use of the patent into the post-expiration period. “A licensee could agree, for example, to pay the licensor a sum equal to 10% of sales during the 20-year patent term, but to amortize that amount over 40 years.” The Court also noted that post-expiration royalties are permitted when they are tied to a non-patent right, such as trade secrets.

“Finally and most broadly, *Brulotte* poses no bar to business arrangements other than royalties – all kinds of joint ventures, for example – that enable parties to share the risks and rewards of commercializing an invention.” According to Justice Kagan, “Respecting stare decisis means sticking to some wrong decisions.”

## **15. Laches Retained as a Defense in Patent Litigation**

*SCA Hygiene Products Aktiebolag V. First Quality Baby Products, LLC*, \_\_\_ F.3d \_\_\_, 2015 WL 5474261 (Fed. Cir. Sept. 18, 2015) (en banc). The Federal Circuit held, in a sharply divided 6-5 en banc decision, that laches should be retained as a defense to patent infringement. After considering whether a recent Supreme Court decision (*Petrella v. Metro-Goldwyn-Mayer, Inc.*) that abolished laches as a defense in copyright suits should apply to patent suits, the majority of the court decided that patent law was different from copyright law and, because of how the patent statute was drafted, Congress intended to retain laches as a defense to patent infringement. Following its prior decisions, a presumption of laches arises when a patent owner waits more than 6 years after knowledge of infringement to file a patent infringement suit. If a court decides that laches applies, the patent owner is precluded from obtaining patent infringement damages prior to the filing of the lawsuit, but it is not precluded from being awarded an ongoing royalty for infringement that occurred after the suit was filed. If laches is found, the court also has discretion to decide whether the patent owner should be barred from obtaining an injunction against future infringement.

## **16. Status Report on the War Against Patent Trolls**

*Vermont v. MPHJ Technology Investments, LLC*, \_\_\_ F.3d \_\_\_, 2015 WL 5667526 (Fed. Cir. Sept. 28, 2015). In this long-running dispute between the state of Vermont and alleged patent “troll” MPHJ Technology, the Federal Circuit affirmed a district court’s order remanding the case back to state court in Vermont. Vermont had originally sued MPHJ under its Vermont Consumer Protection Act for sending threatening demand letters to businesses in the state of Vermont. Vermont alleged that the letters constituted “unfair trade practices” because they were deceptive. MPHJ removed the suit to Federal Court, but it was remanded back. The Federal Circuit held that it did not have jurisdiction to hear the removal order. Vermont filed an amended complaint, and after MPHJ answered and counterclaimed, it again removed the suit to federal court. The Federal Circuit affirmed, concluding that it did not have jurisdiction to hear the removal order.

H.R. 9 (Innovation Act) and S.1137 (Patent Act) (re-introduced in the 114<sup>th</sup> Congress). These bills include various provisions intended to target patent “trolls,” including:

(1) Heightened pleading requirements: Patent holders would be required to include a set of infringement claim charts at the time of filing, showing how each claim

limitation is met within each accused product.

(2) Presumption of attorney fees: Courts would be required to award attorney fees to the prevailing party unless the non-prevailing party was reasonably justified.

(3) IPR claim construction: The PTO would be required to interpret patent claims post-issuance in the same manner as district court.

(4) Discovery limits: Discovery in patent litigation would be more limited until after a claim construction ruling.

(5) Demand letters: Willful infringement would not be available to patent owners if demand letters were sent by the patent owner without including certain information.

(6) Venue: Would limit the venues in which defendants could be sued, in an effort to crack down on the Eastern District of Texas “hellhole.”

### **Litigation Strategies for Dealing With Patent Trolls:**

A. Easier fee-shifting provisions (see *Highmark* and *Octane* cases): Can now threaten patent trolls with motions for fees for meritless cases.

B. File an IPR or CBM Review: PTO statistics show patent challengers have high rates of success in canceling and/or narrowing claims, and district court can stay litigation pending outcome of the IPR. *Virtualagility* case encourages stays pending outcome from PTO. And, reexamination/inter partes review decisions can trump litigation (see *Fresenius* and *ePlus* cases above).

C. File an Alice motion to invalidate patents on the pleadings. Several district courts have relied on *Alice* to invalidate patents even before discovery is underway or complete.

D. File a Nautilus motion to invalidate vaguely-worded patents.

E. State Legislatures Cracking Down on Demand Letters: So far, at least 17 states have either passed or have pending legislation that seeks to crack down on so-called “demand letters.” The legislation varies widely, but some common elements include:

(1) Mandatory disclosures of patent number, copy of patent, interested parties, factual allegations of infringement, and pending legislation;

(2) Private right of action (Vermont): an aggrieved person may bring a lawsuit in Superior Court. Public right of action (Louisiana): attorney general may investigate and pursue violations as unfair or deceptive trade practice.



(3) Remedies: injunctions; civil penalties; costs/fees; damages; punitive damages.

**Key Take-Away:** There are new tools that can be used against “patent trolls,” with more on the way at the state and federal level.



**Federal Circuit Limits ITC  
Jurisdiction to “Material Things”**

**Benjamin M. Koopferstock**

***Banner & Witcoff Intellectual  
Property Alert***

***November 12, 2015***



## Intellectual Property Alert: Federal Circuit Limits ITC Jurisdiction to “Material Things”

By Benjamin M. Koopferstock

November 12, 2015 — The Court of Appeals for the Federal Circuit has limited the scope of 19 U.S.C. § 1337 (Section 337) to “material things,” which does not include electronic transmissions of digital data. *ClearCorrect Operating, LLC v. ITC*, No. 2014-1527, (Fed. Cir., Nov. 10, 2015). In *ClearCorrect*, the Federal Circuit overturned an International Trade Commission decision regarding the importation of electronic transmission of digital data and limited the ITC’s jurisdiction under Section 337 to “material things.”

### **Infringing Act**

ClearCorrect produces orthodontic aligners that are designed to be placed successively on a patient’s teeth until a final tooth arrangement is achieved. *Id.* at 5. To produce the aligners, a patient’s teeth are scanned and the scan is used to produce a digital recreation of the patient’s initial tooth arrangement. *Id.* The digital recreation is then transmitted from ClearCorrect U.S. to ClearCorrect Pakistan. *Id.* In Pakistan, the position of the teeth in the digital recreation of the initial tooth arrangement is modified to produce a digital model of a desired final tooth arrangement. *Id.* ClearCorrect Pakistan then creates digital models of intermediate tooth positions and transmits these digital models to ClearCorrect U.S. *Id.* ClearCorrect US uses the digital models that were created in Pakistan to produce the actual aligners. *Id.*

### **International Trade Commission Opinion**

Under Section 337, the ITC has authority to regulate articles that infringe U.S. patents or copyrights. 19 U.S.C. §1337(a)(1)(B). Here, the infringing articles are digital models and data sets transmitted over the Internet from ClearCorrect Pakistan to ClearCorrect U.S. *ClearCorrect* at 5. The ITC issued an opinion concluding that the digital models were “articles” under Section 337 and thus subject to ITC jurisdiction.

### **Opinion of the Court**

The Federal Circuit disagreed with the ITC’s interpretation of Section 337. The Opinion of the Court was written by Chief Judge Prost, who reviewed the ITC’s interpretation under *Chevron, U.S.A., Inc. v. Natural Res. Def. Council Inc.*, 467 U.S. 837 (1984). *Chevron* describes a two-part test for determining whether an agency interpretation of a statute receives deference. The first step of *Chevron* involves determining whether the intent of Congress is clear, or whether there is an

ambiguity to resolve in the statute in question. If there is some ambiguity, then under the second step of *Chevron*, the court determines whether the agency’s interpretation is reasonable. The court found that the interpretation of the ITC was invalid under both steps one and two of *Chevron*. *ClearCorrect* at 3. Because the term “articles” is not defined in the 1930 or 1922 Tariff Acts, the court reviewed contemporaneous dictionaries and concluded that the ordinary meaning of the term “articles” is “material things.”

The court then examined how the term “articles” is used throughout Section 337 and the remainder of the Tariff Act to determine if there is ambiguity in the meaning of the term as used within the statute. The court found that the term articles is used consistently throughout the statute to mean “material things,” and that a definition of articles that included electronic transmissions would render certain punishments included within the Act impossible to implement. Prior to the addition of cease and desist orders in the 1974 Trade Act, the remedy for violations of Section 337 was to refuse entry of infringing goods. *ClearCorrect* at 23–24. Data transmitted by electronic means “do not pass through United States ports and cannot be excluded by Customs,” thus, a finding that “articles” covers the digital models in *ClearCorrect* would require a finding “that Congress included an entire set of commodities in the statute without providing a method to curtail their importation.” *Id.* at 24.

Finally, noting that “[t]he clarity of the statutory context obviates the need to turn to the legislative history,” the court states that the Tariff Act’s legislative history further confirms that “articles” is limited to “material things.” Although analysis of the second step of *Chevron* was not necessary because the court had already found that the intent of Congress was not ambiguous, the court further found that, regardless of the results of step one, the ITC’s interpretation of the term “articles” was unreasonable. Among other reasons, the court notes that the ITC misquoted a portion of Senate Report 67-595 regarding the Tariff Act. The court stated that the misquotation is “highly misleading,” and that “[b]ecause the Commission uses this misquote as its main evidence that the purpose of the Act was to cover all trade, independent of what form it takes, the Commission’s conclusion regarding the purpose of the Act is unreasonable.”

The court reversed and remanded the ITC decision, finding that “the Commission does not have jurisdiction over this case.”

### **Judge O’Malley’s Concurrence**

Judge O’Malley concurred with the holding of the court, but argued that the ITC interpretation is owed no deference under *Chevron*. *ClearCorrect* at 2 (O’Malley, J. concurring). Judge O’Malley stated that “there are times when courts should not search for an ambiguity in the statute because it is clear Congress could not have intended to grant the agency authority to act in the substantive space at issue.” *Id.* at 2. Although the ITC clearly has jurisdiction over imported physical goods, Judge O’Malley writes that Congress would not have implicitly allowed the ITC to regulate the international exchange of data over the Internet. *Id.* at 3. Thus, because Congress never intended to delegate this authority to the ITC, the two step *Chevron* framework is inapplicable. *Id.* at 4. Were

*Chevron* to apply, Judge O’Malley agreed with the majority ruling that the ITC has no jurisdiction over the data transmitted from ClearCorrect Pakistan to ClearCorrect U.S. *Id.* at 5.

### **Judge Newman’s Dissent**

In a dissent, Judge Newman agreed with the ITC that “articles” should be interpreted as “articles of commerce” and that Section 337 should be read broadly to remedy unfair trade acts. *ClearCorrect* at 5, 8 (Newman, J., dissenting). The dissent argues that Section 337 should be interpreted to cover technologies that did not exist when the Tariff Act was enacted, and that imports covered by Section 337 should not be limited based on mode of entry into the United States. *Id.* at 6–8, 11–12. The dissent further argues that difficulty of enforcement is not grounds for the elimination of a remedy. *Id.* at 14–15. Judge Newman wrote that if Section 337 were deemed ambiguous, the ITC’s interpretation is entitled to judicial deference under *Chevron*. *Id.* at 15.

### **What Does This Mean?**

The ITC’s jurisdiction under Section 337 has been limited after the *ClearCorrect* decision. The importation of digital data by electronic transmission cannot be restricted by the ITC under Section 337. Instead, litigation should be pursued in a district court rather than with the ITC if the alleged infringement involves the importation of digital data by electronic means, as opposed to importation of a material thing. The Federal Circuit’s holding applies not only to patent infringement but also copyright infringement, in which importation of digital data by electronic means may be more common. For example, a movie being streamed from a foreign server into the U.S. would not be subject to ITC jurisdiction, although enforcement could still be pursued in a federal district court.

The holding in *ClearCorrect* has altered the jurisdiction of the ITC, but has not made any changes to whether or not the transmission of data can constitute an infringing act under 35 U.S.C. § 271. Although the transmission of data from ClearCorrect Pakistan to ClearCorrect U.S. cannot be limited by the ITC, district court litigation can still be pursued to enforce the relevant patents against transmission of the digital models transmitted by ClearCorrect. Importation of digital data by electronic transmission can no longer be limited by the ITC, but remedies for infringing acts no longer covered by the ITC remain available through district court litigation.

Please click [here](#) to view the decision.

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com).



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)



**Revised Federal Rules of Civil Procedure  
Abrogate Rule 84 and Eliminate Appendix  
of Forms**

**Saranya Raghavan**

***Banner & Witcoff Intellectual Property  
Alert***

***December 8, 2015***



## Intellectual Property Alert: Revised Federal Rules of Civil Procedure Abrogate Rule 84 and Eliminate Appendix of Forms

By Saranya Raghavan

December 8, 2015 — The revised Federal Rules of Civil Procedure contain changes that may impact patent litigation at the district court level. The revised rules went into effect on December 1, 2015. The revised rules were approved by the United States Supreme Court in April 2015, following an approval by the Judicial Conference Advisory Committee in September 2014.

Of particular importance to patent litigators, the revised rules abrogate Rule 84 and thereby eliminate the Appendix of Forms. Form 18 in the Appendix of Forms provided a barebones sample complaint for alleging a claim of direct patent infringement, and Rule 84 provided that the “forms in the Appendix suffice under these rules and illustrate the simplicity and brevity that these rules contemplate.” *See McZeal v. Sprint Nextel Corp.*, 501 F.3d 1354, 1360 (Fed. Cir. 2007). Specifically, Form 18 simply required the following: (1) a statement of jurisdiction; (2) a statement that patents for the invention were issued to the plaintiff and owned by the plaintiff; (3) a statement that the defendant has infringed the patent by making, selling, and using the invention covered by the patents; (4) a statement that the plaintiff has complied with the statutory requirement of placing a notice on all of the products it manufactures and sells and has given the defendant written notice of the infringement; and (5) a statement that the plaintiff demands a preliminary and final injunction against continuing infringement, an accounting for accounts, interests, and costs. *See id.*

Judge David G. Campbell, the Chair of the Advisory Committee on the Federal Rules of Civil Procedure, in his Memorandum to Judge Jeffrey Sutton, the Chair of the Standing Committee on the Rules of Practice and Procedure, justified the abrogation by stating that “[m]any of the forms are out of date,” and that “[a]mendment of the civil forms is cumbersome.” AMENDMENTS TO THE FEDERAL RULES OF CIVIL PROCEDURE, H.R. DOC. NO. 114-33, 114 (1st Sess. 2015). Further, Judge Campbell recognized that “the increased complexity of most modern cases have resulted in a detailed level of pleading that is far beyond that illustrated in the forms.” *Id.* at 114.

By abrogating Rule 84, the United States Supreme Court has subjected complaints alleging direct infringement to the higher pleading standards established by the Court in *Twombly* and *Iqbal*. *Id.* at 81 (1st Sess. 2015) (“The abrogation of Rule 84 does not alter existing pleading standards or otherwise change the requirements of Civil Rule 8.”). In *Twombly*, the United States Supreme Court held that an antitrust complaint satisfies Rule 8 only where the plaintiff pleads “enough facts to state a claim to relief that is plausible on its face.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007). As such, the Court

provided that “[w]hile a complaint attacked by a Rule 12(b)(6) motion to dismiss does not need detailed factual allegations, a plaintiff’s obligation to provide the grounds of his entitlement to relief requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do.” *Id.* at 555 (internal quotation marks omitted). Further, the Court in *Iqbal* extended these tenets beyond the context of antitrust. *Ashcroft v. Iqbal*, 556 U.S. 662, 684 (2009) (“Our decision in *Twombly* expounded the pleading standard for ‘all civil actions.’”).

It remains to be seen how the courts will interpret the revised rules and what constitutes sufficient notice under *Twombly*, *Iqbal*, and Rule 8. For instance, it is unclear whether it is sufficient for plaintiffs to identify at least one claim that is infringed, whether plaintiffs must identify exactly which claims are infringed, or whether plaintiffs need to provide an element-by-element infringement analysis short of claim charts provided as part of infringement contentions. Thus, until the heightened pleading standards are clarified by Congress, patent litigators should closely monitor courts’ rulings on motions to dismiss for failure to state a claim under Rule 12(b)(6) and motions for a more definite statement under Rule 12(e).

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.





**Heightened Patent Pleading  
Standard, Discovery  
Proportionality, and Other Recent  
Amendments to the Federal Rules  
of Civil Procedure**

**Jeffrey H. Chang**

***Banner & Witcoff Intellectual  
Property Alert***

***December 15, 2015***



## Intellectual Property Alert: Heightened Patent Pleading Standard, Discovery Proportionality, and Other Recent Amendments to the Federal Rules of Civil Procedure

By Jeffrey H. Chang

December 15, 2015 — Amendments made by the Supreme Court to the **Federal Rules of Civil Procedure** (Rules) took effect December 1, 2015. The **amendments** fundamentally change litigation in federal courts, including heightening the standard for pleading direct patent infringement and emphasizing proportionality in discovery.

### **Heightened Patent Pleading Standard**

Under the new Rules, complaints alleging direct patent infringement can no longer safely rely on Form 18 as a model complaint. These complaints are now subject to the pleading requirements established by the Supreme Court in *Twombly*<sup>1</sup> and *Iqbal*<sup>2</sup>. Specifically, the complaint must plead “sufficient factual matter” that, when accepted as true, “state[s] a claim to relief that is plausible on its face” and “allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.”<sup>3</sup>

Today, in order to survive a motion to dismiss, patent complaints must arguably include more factual matter than patent complaints filed before the amendments. For example, Form 18 did not require the plaintiff to specifically identify an asserted patent claim or to specifically identify an accused product. While the pleading standard for patent cases is still uncertain, complaints must now plead “sufficient factual matter” that supports a plausible claim on its face. Factual matter may include identifying one or more of the specific accused products, identifying one or more of the specific asserted claim(s), and one or more claim charts mapping the asserted claims to the accused products.

Please see [here](#) for an additional Banner & Witcoff IP Alert on the heightened pleading standard.

### **Discovery Proportionality**

The amendments also eliminate the “reasonably calculated to lead to the discovery of admissible evidence” standard for determining the scope of discovery and replace it with a “proportional” discovery standard. Specifically, Rule 26(b)(1) has been amended as follows:

Parties may obtain discovery regarding any nonprivileged matter that is relevant to any party's claim or defense and proportional to the needs of the case, considering the importance of the issues at stake in the action, the amount in controversy, the parties' relative access to relevant information, the parties' resources, the importance of the discovery in resolving the issues, and whether the burden or expense of the proposed discovery outweighs its likely benefit. Information within the scope of discovery need not be admissible in evidence to be discoverable. ~~including the existence, description, nature, custody, condition, and location of any documents or other tangible things and the identity and location of persons who know of any discoverable matter. For good cause, the court may order discovery of any matter relevant to the subject matter involved in the action. Relevant information need not be admissible at the trial if the discovery appears reasonably calculated to lead to the discovery of admissible evidence. All discovery is subject to the limitations imposed by Rule 26(b)(2)(C).~~

Notably, the Advisory Committee to the amendments moved the proportionality factors listed in previous Rule 26(b)(2)(C) to Rule 26(b)(1) because the committee believed that proportionality was missing in too many cases. While the Rules and the committee fail to define proportionality, courts will likely use rulings interpreting previous Rule 26(b)(2)(C) to interpret proportionality under new Rule 26(b)(1).

In addition to these rulings, attorneys and their clients have other resources available to them to determine proportionality. For example, Magistrate Judge Elizabeth Laporte of the U.S. District Court for the Northern District of California and Jonathan Redgrave recently authored, "[A Practical Guide to Achieving Proportionality Under New Federal Rule of Civil Procedure 26.](#)"<sup>4</sup> The article includes a proportionality matrix that lists essential proportionality factors and how each factor weighs for or against the discovery requested by a party.<sup>5</sup> The exemplary factors listed in the article include:

1. Importance of the issues at stake in the action;
2. Amount in controversy;
3. Parties' relative access to relevant information;
4. Parties' resources;
5. Importance of the discovery at issue in resolving the issues;
6. Whether the burden and/or expense associated with the discovery sought outweighs its likely benefit;
7. Whether the discovery sought is unreasonably cumulative or duplicative;

8. Whether the discovery sought can be obtained from some other source that is more convenient, less burdensome, or less expensive;
9. Whether the party seeking discovery had ample opportunity to obtain the information by discovery in the action;
10. Whether the discovery sought can be staged and/or tiered to reduce the burden and then proceed further incrementally only as needed;
11. Whether the discovery is directed to non-parties; and
12. Whether the discovery sought affects the rights of non-parties (e.g., privacy, trade secrets, etc.).

The proportionality matrix, court rulings, and other resources will prove invaluable to attorneys and courts as they navigate the waters of new Rule 26(b)(1).

### **Other Amendments to the Rules**

Several other amendments were made to the Rules, and two of those amendments are highlighted here.

New Rule 34(b)(2) requires that a party “state with specificity the grounds for objecting” to a document request and that the “objection must state whether any responsive materials are being withheld on the basis of that objection.” The new rule also addresses the timing of production, stating that “production must ... be completed no later than the time for inspection specified in the request or another reasonable time specified in the response.”

New Rule 37(e) lists specific actions that the court may take if electronically stored information (ESI) is lost because a party failed to take reasonable steps to preserve the information. The court:

- (1) upon finding prejudice to another party from loss of the information, may order measures no greater than necessary to cure the prejudice; or
- (2) only upon finding that the party acted with the intent to deprive another party of the information’s use in the litigation may:
  - (A) presume that the lost information was unfavorable to the party;
  - (B) instruct the jury that it may or must presume the information was unfavorable to the party; or
  - (C) dismiss the action or enter a default judgment.

It will take some time for the courts to interpret the new Rules, including the heightened patent pleading standard, discovery proportionality under Rule 26(b)(1), discovery objections under Rule 34(b)(2), and measures the court may take if ESI is not preserved under Rule 37(e). Patent litigants should nonetheless understand the amendments to the Rules and their effect.

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com).



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.

---

<sup>1</sup>*Bell Atl. Corp. v. Twombly*, 550 U.S. 544 (2007).

<sup>2</sup>*Ashcroft v. Iqbal*, 556 U.S. 662 (2009).

<sup>3</sup>*Id.* at 678.

<sup>4</sup>Hon. Elizabeth Laporte & Jonathan Redgrave, *A Practical Guide to Achieving Proportionality Under New Federal Rule of Civil Procedure 26*, 9 Fed. Cts. L. Rev. 19 (2015).

<sup>5</sup>*Id.* at pp. 47-50.



**2015 Recent Developments in  
Patent Law — Case Law**

**Bradley C. Wright**

***Presented at The D.C. Bar***

***December 15, 2015***

**2015**  
**RECENT DEVELOPMENTS**  
**IN PATENT LAW – CASE LAW**

**PRESENTED AT:**

**THE D.C. BAR**  
**WASHINGTON, D.C.**

**DECEMBER 15, 2015**

**BRADLEY C. WRIGHT**  
**BANNER & WITCOFF, LTD**  
**1100 13<sup>TH</sup> STREET, N.W.**  
**WASHINGTON, D.C. 20005**  
**(202)-824-3160**  
[bwright@bannerwitcoff.com](mailto:bwright@bannerwitcoff.com)  
[www.bannerwitcoff.com](http://www.bannerwitcoff.com)



**BANNER & WITCOFF, LTD.**  
INTELLECTUAL PROPERTY LAW

## OUTLINE OF WRITTEN MATERIALS

### **A. Patentability, Validity, and Procurement of Patents**

1. Statutory Subject Matter – Computer Software and Genes
2. Public Use Bar–Unauthorized Release of Product Not “Public”
3. Indefiniteness of Patent Claims
4. Reissue Patent Invalid for Failure to Conform to “Original Patent”
5. On-Sale Bar Triggered by Contract for Services
6. PTAB Proceedings
7. “Boilerplate” Consideration in Patent Assignment Sufficient
8. Provisional Patent Applications as Prior Art
9. Written Description – Negative Claim Limitations
10. Whether Constitution Precludes PTO Review of Patents
11. Inventors Have Reputational Standing to Sue to Correct Inventorship

### **B. Interpretation and Infringement of Patents**

1. Claim Construction
2. Disclaimer of Claim Scope
3. New Test for Direct Infringement
4. Infringement of Design Patents
5. Infringement by Exporting Components of Patented Invention

### **C. Enforcement of Patents**

1. Standards-Essential Patents
2. Limitations on Suing Customers When Sellers are Primary Target
3. Attorney Fees
4. International Trade Commission (ITC) Proceedings
5. Infringement Damages for Design Patents – No Apportionment
6. Exclusive Licensee Lacked All Substantial Rights to Sue
7. Prevailing Party Need Not Prevail on All Counts
8. Willful Infringement – PTO’s Reexamination Showed Lack of Merit
9. Infringement Damages
10. Inequitable Conduct
11. Patent Exhaustion
12. Induced Infringement – Belief in Invalidity as Defense
13. Interplay Between District Court Litigation and PTO
14. Patent Royalty Obligations Extending Beyond Patent Term
15. Laches Retained as a Defense in Patent Litigation
16. The War Against Patent Trolls
17. Supreme Court to Review Willful Infringement Standard



**A. Patentability, Validity, and Procurement of Patents**

**1. Statutory Subject Matter – Computer Software and Genes**

*Intellectual Ventures I LLC v. Capital One Bank (USA), N.A.*, 792 F.3d 1363 (Fed. Cir. 2015). Intellectual Ventures asserted two patents against Capital One Bank. The first patent related to a method of budgeting, wherein spending limits are stored in a database and a user is electronically notified of certain transaction summaries. The second patent related to customizing a web page as a function of navigation history and information known about the user. The Federal Circuit affirmed the district court’s rulings that both patents were invalid for failure to recite eligible subject matter. The court applied the Supreme Court’s *Alice* framework: First, are the claims directed to an abstract idea? Second, do the claims recite an “inventive concept?”

As to the first patent, the Federal Circuit concluded that the claims were directed to the abstract idea of tracking financial transactions to determine whether they exceed a pre-set spending limit. Applying the second step of *Alice*, the court concluded that the claims recited merely generic computer elements, such that the claims merely applied the abstract idea to generic computers. As to the second patent, the Federal Circuit concluded that the claims were directed to a “fundamental practice” of customizing information based on information known about the user and navigation data, drawing an analogy to newspaper inserts that were tailored to particular subscribers. Applying the second step of *Alice*, the court concluded that there was no “inventive concept” that would support patent eligibility – again, merely generic computing elements were recited in the claims.

*Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343 (Fed. Cir. 2015). A district court invalidated a patent directed to web-based navigation on the ground that it was directed to patent-ineligible subject matter. Claim 1 of the patent reads as follows:

1. A method of providing an intelligent user interface to an online application comprising the steps of:

furnishing a plurality of icons on web page displayed to a user of a web browser, wherein each of said icons is a hyperlink to a dynamically generated online application form set, and wherein said web browser comprises Back and Forward navigation functionalities;

displaying said dynamically generated online application form set in response to the activation of said hyperlink, wherein said dynamically generated online application form set comprises a state determined by at least one user input; and

maintaining said state upon the activation of another of said icons, wherein said maintaining allows use of said Back and Forward navigation functionalities without

loss of said state.

The Federal Circuit affirmed. As to the first step of the *Alice* framework, the court found that “the character of the claimed invention is an abstract idea: the idea of retaining information in the navigation of online forms.” The Federal Circuit pointed to parts of the patent that referred to this idea as the essential, “most important” aspect of the invention. It noted that “claim 1 contains no restriction how the result is accomplished. The mechanism for maintaining the state is not described, although this is stated to be the essential innovation.” The court also concluded that mere references to generic computers did “not satisfy the test of ‘inventive concept.’”

*DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. December 5, 2014). In a rare post-*Alice* decision, the Federal Circuit upheld the patentability of a patent directed to an e-commerce invention. DDR Holdings sued a group of defendants for infringement of patents related 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. For example, the generated composite web page may combine the logo, background color, and fonts of the host website with product information from the merchant. The patents explain that when a visitor to a web page clicks on a hyperlink such as an advertisement, instead of taking the visitor to the merchant’s website, the system 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.” The defendants argued that the patents were invalid because they were directed to an abstract idea. A split panel of the Federal Circuit disagreed, concluding that even if the claims were directed to the abstract idea of making two web pages look the same, the claims did not merely recite well-known business practices, but instead were “rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” Judge Mayer dissented, concluding that “DDR’s claims are patent ineligible because their broad and sweeping reach is vastly disproportionate to their minimal technological disclosure.”

*Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371 (Fed. Cir. 2015). Two inventors discovered that a certain type of DNA in maternal plasma, previously discarded as medical waste, could be used to determine fetal conditions. They obtained a patent on the method of using the DNA for fetal diagnosis including steps of amplifying the DNA (using conventional techniques). After Sequenom sent threatening letters to Ariosa, Ariosa filed a declaratory judgment action against the patent owner. The district court held that the patent claims were invalid as merely directed to a natural phenomenon. The Federal Circuit affirmed, following the U.S. Supreme Court’s analysis in *Mayo Collaborative Services v. Prometheus*. First, based in part on the patent specification, which referred to the “discovery” that fetal DNA could be detected in maternal serum, the court concluded that the invention was directed to a naturally occurring phenomenon. Second, the court concluded that because the claimed invention relied on conventional techniques to amplify and

detect the DNA, the claims did not add anything beyond the mere discovery that the fetal DNA could be detected. Accordingly, the claims were held to be directed to ineligible subject matter.

*In re BRCA1- and BRCA2-Based Hereditary Cancer Test Patent Litigation*, 774 F.3d 755 (Fed. Cir. Dec. 17, 2014). A group of plaintiffs owning patents relating to compositions of matter and diagnostic methods relating to certain types of cancer sued Ambry Genetics Corporation, which sells medical kits design to test for the presence of gene mutations that can help predict cancer. The composition of matter claims are directed to short, synthetic, single-stranded DNA molecules that bind specifically to intended target nucleotide sequences. The two method claims at issue in this appeal involve comparisons between wild-type BRCA sequences with a patient's BRCA sequences. After the district court denied the plaintiffs' request for a preliminary injunction on the ground that the claims were likely invalid for not reciting patent-eligible subject matter, an appeal was taken. The Federal Circuit affirmed. As to the composition of matter claims, the court concluded that "the primers before us are not distinguishable from the isolated DNA found patent-ineligible in *Myriad* and are not similar to the cDNA found to be patent-eligible." It did not matter that they were synthetically replicated. As to the method claims, the court concluded that they recited nothing more than the abstract mental steps necessary to compare two different nucleotide sequences. Nothing else in the claims was sufficient to "transform the nature of the claims into a patent-eligible application."

**Key Take-Away:** The PTO and courts are increasingly rejecting or invalidating patents directed to various types of inventions that can be characterized as an "abstract idea," even if the claims recite specific computer components. Inventions in certain fields, such as financial services, electronic commerce, marketing/sales programs, loyalty programs, and others may be at higher risk of vulnerability. Certain types of diagnostic testing patents and others directed to medical discoveries may also be subject to increased challenges on the grounds that they are a "product of nature" or an "abstract idea."

## **2. Public Use Bar – Unauthorized Release of Product Not “Public”**

*Delano Farms Co. v. The California Table Grape Commission*, 778 F.3d 1243 (Fed. Cir. 2015). The U.S. Department of Agriculture obtained plant patents for varieties of table grapes, which it licensed to the California Table Grape Commission. Delano Farms sued, asserting that the patents were invalid on the basis that the patented grapes had been in "public use" more than one year before the filing date. The district court held that the patents were not invalid. The Federal Circuit affirmed, concluding that the fact that a USDA employee had secretly given samples of the plants to some farmers who planted them more than one year before the patents were filed did not create an invalidating "public use" bar to patentability. According to the Federal Circuit, the farmers knew that they were not authorized to have the plants and

that they needed to conceal their possession of the plants. The court also found it significant that even though the grapes were planted where the public could see them, “grape varieties cannot be reliably identified simply by viewing the growing vines alone.” Because virtually no one other than the farmers could identify the variety that had been planted, it was not in “public use.”

### 3. Indefiniteness of Patent Claims

*Media Rights Technologies, Inc. v. Capital One Financial Corp.*, 800 F.3d 1366 (Fed. Cir. 2015). Media Rights sued Capital One Financial for infringing a patent relating to a method of preventing unauthorized recording. The method claim at issue recited a step of “activating a compliance mechanism in response to receiving media content” and other steps referring to the “compliance mechanism.” The claim also referred to “a custom media device.” The district court granted Capital One’s motion for judgment on the pleadings, ruling that “compliance mechanism” and “custom media device” were indefinite, and because every claim in the patent contained these phrases, the entire patent was invalid. The Federal Circuit affirmed. First, although “compliance mechanism” does not use the word “means,” the presumption that it not be interpreted as a means-plus-function limitation was overcome. The court noted that “compliance mechanism” does not refer to any clearly-defined or well-known structure. “We have never found that the term ‘mechanism’ – without more – connotes and identifiable structure; certainly, merely adding the modifier ‘compliance’ to that term would not do so either.” Turning to the functions recited in the claim following “compliance mechanism,” the court concluded that the specification failed to disclose an algorithm for carrying out these functions. Because specific structure was not disclosed, the claims were held to be indefinite.

**Key Take-Away:** Both the courts and the PTO are paying closer attention to clarity in patent claims, and rebuking attempts to assert vaguely-worded patents. Reliance on means-plus-function claiming techniques remains increasingly risky.

### 4. Reissue Patent Invalid for Failure to Conform to “Original Patent”

*Antares Pharma, Inc. v. Medac Pharma Inc.*, 771 F.3d 1354 (Fed. Cir. November 17, 2014). The Federal Circuit held that a reissue patent was invalid because it failed to comply with the “original patent” requirement of the reissue statute, 35 U.S.C. § 251. Antares sued Medac for infringement of a reissue patent directed to a medical injector device, and sought a preliminary injunction against Medac. As originally issued, all the patent claims were limited to a “jet-injection” feature. Before the two-year period for broadening reissue patents had expired, Antares filed a reissue application, adding more claims that more broadly covered injection devices that did not include the “jet-injection” feature. The Federal Circuit, applying U.S. Supreme Court case law stating that inventions claimed in a reissue patent must be more than “merely suggested or indicated” in the patent specification, concluded that the new

claims were not sufficiently disclosed in the original patent specification. The court found it significant that the title of the invention, the abstract of the invention, and the summary of the invention all referred to the “jet-injection” feature (“The present invention relates to a needed assisted jet injector.”) According to the Federal Circuit, “Nowhere does the specification disclose, in an explicit and unequivocal manner, the particular combinations of safety features claimed on reissue, separate and apart from the jet injection invention feature.”

**Key take-away:** This case again highlights the importance of avoiding critical language in patent applications, or referring to “the invention” in the patent. Although this case involved a reissue application, similar problems can arise with regular, non-reissue patents.

## **5. On-Sale Bar Triggered by Contract for Services**

*The Medicines Co. v. Hospira, Inc.*, 791 F.3d 1368 (Fed. Cir. 2015), *vacated and rehearing en banc granted*, 805 F.3d 1357 (Fed. Cir. 2015). The Medicines Co. owns a patent relating to a drug used as an anti-coagulant. More than one year before filing the patent, the company hired an outside consultant to produce three batches of the drug with a certain level of impurity. After it sued Hospira for patent infringement, Hospira asserted that the contract with the outside consultant constituted an invalidating on-sale bar to the patent. The district court disagreed, concluding that there was not a “commercial offer for sale” of the later-patented drug, but instead only a manufacturing services contract. The Federal Circuit reversed, concluding that the commercial sale of services resulted in the patented product-by-process. The court found it significant that the batches were large, each batch having a commercial value of over \$10 million. According to the court, “To find otherwise would allow The Medicines Company to circumvent the on-sale bar simply because its contracts happened to only cover the processes that produced the patented product-by-process. This would be inconsistent with our principle that “no supplier exception exists for the on-sale bar.”

## **6. PTAB Proceedings**

*Automated Merchandising Systems, Inc. v. Lee*, 782 F.3d 1376 (Fed. Cir. 2015). Automated Merchandising sued Crane Company for infringement of four patents. While the litigation was pending, Crane filed four inter partes reexamination requests at the U.S. PTO, one for each patent. The PTO granted the requests and proceeded to reexamine the patents. Meanwhile, the parties settled their litigation, with Crane stipulating to the validity of the patents. Thereafter, Automated requested that the PTO terminate the reexamination proceedings on the basis of 35 U.S.C. § 317(b), which provides that once a final decision has been entered against a party in litigation without that party proving invalidity of the patents, that party may not then request reexamination of the patent. After the PTO refused to terminate the reexaminations, Automated sued the PTO in U.S. district court under the Administrative Procedure

Act (APA). The district court denied Automated's request, concluding that the settlement was not an adjudication on the merits.

On appeal, the PTO for the first time raised the argument that the decision to not terminate the proceeding was not a "final" agency action as required to proceed under the APA. The Federal Circuit agreed, finding that it should consider the issue for the first time on appeal due in part to the importance of the issue. The Federal Circuit also agreed that the decision to not terminate was not a "final agency action" because (1) it did not mark the "consummation" of the agency's decision-making process, and (2) the decision did not determine any rights or obligations of the parties leading to any legal consequences.

*GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1309 (Fed. Cir. 2015). GTNX filed a petition at the PTO for a Covered Business Method (CBM) review of four patents owned by INTTRA. After initially granting the petitions, the PTO reversed course and terminated the proceedings. GTNX appealed to the Federal Circuit, and INTTRA moved to dismiss the appeal. The Federal Circuit dismissed, on the basis that Section 323(e) of the AIA states that "the determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable." Moreover, section 329 authorizes an appeal from the PTO only as to a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added by the patent owner. Because there was no final decision reached regarding patentability, there was no jurisdiction for an appeal from that decision. The Federal Circuit, treating the appeal as a petition for a writ of mandamus, also rejected that avenue, concluding that GTNX lacked any "clear and indisputable right" to relief.

*Microsoft Corp. v. Proxyconn, Inc.*, 789 F.3d 1292 (Fed. Cir. 2015). Proxyconn owned a patent relating to increasing the speed of data access in a packet-switched network. Microsoft filed an IPR against the patent, and the PTO concluded that most of the claims were unpatentable. On appeal, Proxyconn argued that the PTO improperly denied its motion to amend certain claims. The PTO had denied the motion to amend because Proxyconn had failed to establish that the amended claims were patentable over a piece of prior art of record in the proceeding. The Federal Circuit upheld the PTO's requirement that the patent holder establish patentability of an amended claim over prior art of record. According to the court, "If the patentee were not required to establish patentability of substitute claims over the prior art of record, an amended patent could issue despite the PTO having before it prior art that undermines patentability."

*In re Cuozzo Speed Technologies, LLC*, 793 F.3d 1268 (Fed. Cir. 2015). Cuozzo owns a patent relating to a speed limit indicator for vehicles. Garmin petitioned the U.S. PTO to institute inter partes review (IPR) regarding certain claims of the patent. The PTO granted the petition and instituted an IPR, resulting in a final written decision finding certain claims obvious. Cuozzo appealed, arguing that (1) the PTO

improperly instituted an IPR based on prior art that was not identified in Garmin’s petition; and (2) the PTO should not have applied the “broadest reasonable interpretation” to the patent claims when evaluating their validity. The Federal Circuit affirmed, concluding that (1) the statutory scheme of the AIA prohibits review of a decision whether to institute an IPR, even on direct review of a final written decision; and (2) precedent spanning more than 100 years provided for review under the “broadest reasonable interpretation” before the PTO, in the absence of any statutory authority.

*Versata Development Group, Inc. v. SAP America, Inc.*, 793 F.3d 1306 (Fed. Cir. 2015). Versata owns a patent directed to a method and apparatus for pricing products. After Versata sued SAP for patent infringement, SAP petitioned the U.S. PTO to institute a covered business method (CBM) review of the patent at the U.S. PTO. The PTO instituted the review, and concluded that the challenged claims were unpatentable under 35 U.S.C. § 101. Versata appealed the decision to the Federal Circuit, in which it decided a number of issues of first impression.

First, the Federal Circuit held that, notwithstanding the AIA’s provision that a decision whether to institute a CBM proceeding is “nonappealable,” the court nevertheless has the power to review the PTO’s institution decision on appeal from the final written decision from the PTO, including whether the Versata patent qualifies as a “covered business method” patent. This stems from the general presumption favoring judicial review. It contrasted *In re Cuozzo Speed Technologies* (summarized above) on the grounds that (1) it did not involve a CBM review; and (2) it didn’t explicitly address whether a final written decision could be reviewed for compliance with a limit on the PTAB’s invalidation authority.

Second, the Federal Circuit held that the term “Covered Business Method Patent” applied to the Versata patent, which relates to a method for determining a price of a product. According to the court, “the definition of ‘covered business method patent’ 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 such as banks and brokerage houses. The plain text of the statutory definition contained in § 18(d)(1) – ‘performing . . . operations used in the practice, administration, or management of a financial product or service’ – on its face covers a wide range of finance-related activities.”

Third, the Federal Circuit upheld the PTO’s reliance on the “broadest reasonable interpretation” of patent claims when conducting the CBM proceeding. This was foreclosed by the court’s recent *Cuozzo* decision (see above).

Fourth, the Federal Circuit held that the PTO had the statutory authority to cancel claims on the basis of 35 U.S.C. § 101. Despite the fact that the AIA only appears to provide the PTO with authority to invalidate patents on a ground specified in 35 U.S.C. § 282(b), which does not include 35 U.S.C. § 101, the court pointed to

decisions by the U.S. Supreme Court and the Federal Circuit in which claims were invalidated under 35 U.S.C. § 101.

Finally, the Federal Circuit affirmed the PTO's decision on the merits, concluding that the claims at issue were directed to the abstract idea of determining a price, using organizational and product group hierarchies, in the same way that the claims in Alice were directed to the abstract idea of intermediated settlement. Applying the second step of Alice, the court concluded that none of the claims added sufficient limitations to transform them into patent-eligible subject matter.

Judge Hughes dissented in part, arguing that the Federal Circuit did not have the authority to review whether the CBM proceeding was validly instituted, in view of the "nonappealable" language of the AIA statute and conflicting with the recently-issued *In re Cuozzo Speed Technologies* case.

*Versata Development Group, Inc. v. Lee*, 793 F.3d 1352 (Fed. Cir. 2015). Versata owns a patent directed to a method and apparatus for pricing products. After Versata sued SAP for patent infringement, SAP petitioned the U.S. PTO to institute a covered business method (CBM) review of the patent at the U.S. PTO. After the PTO granted the petition and instituted the review, Versata sued the U.S. PTO in the U.S. District Court for the Eastern District of Virginia, seeking to stop the PTO's institution of the CBM review. The district court dismissed the case for lack of subject matter jurisdiction, because the AIA expressly precludes review of such institution decisions. The Federal circuit affirmed, concluding that the AIA expressly precludes challenges to the PTO's decisions on instituting such reviews.

**Key Take-Away:** Validity battles over patents are shifting to the U.S. PTO, which has increased power and authority to invalidate patents under the AIA. If a defendant can get patent litigation stayed pending outcome of proceedings at the PTO, it is likely that a patent invalidated by the PTO will result in nullification of the infringement litigation.

## **7. "Boilerplate" Consideration in Patent Assignment Sufficient to Enforce**

*Memorylink Corp. v. Motorola Solutions, Inc.*, 773 F.3d 1266 (Fed. Cir. Dec. 5, 2014). Although its decision was based on Illinois state law, this case stands for the proposition that "boilerplate" consideration language in a patent assignment document ("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 . . .") is sufficient to defeat a challenge that the assignment is void for lack of consideration. According to the Federal Circuit, "The use of boilerplate language does not make the stated consideration invalid or nonexistent."



## **8. Provisional Patent Applications as Prior Art**

*Dynamic Drinkware, LLC v. National Graphics, Inc.*, 800 F.3d 1325 (Fed. Cir. 2015). Dynamic Drinkware appealed from a decision of the PTO, which decided to not reject certain claims as anticipated under 35 U.S.C. § 102(e). Dynamic argued that the claims were anticipated by an earlier patent, which claimed priority to an earlier-filed provisional patent application. The Federal Circuit affirmed, concluding that in order to qualify as prior art as of its earlier provisional filing date, the earlier provisional must provide support for the claims of the later non-provisional application. “We agree with National Graphics that the Board did not err in placing the burden on Dynamic, the petitioner in the inter partes review, to prove that the prior art Raymond patent was entitled to the filing date of its provisional application.” According to the Federal Circuit, “We ultimately agree with National Graphics, however, that the Board’s decision was supported by substantial evidence because Dynamic failed to compare the claims of the Raymond patent to the disclosure in the Raymond provisional application. A reference patent is only entitled to claim the benefit of the filing date of its provisional application if the disclosure of the provisional application provides support for the claims in the reference patent in compliance with 35 U.S.C. § 112, ¶ 1.”

## **9. Written Description – Negative Claim Limitations**

*Inphi Corp. v. Netlist, Inc.*, 805 F.3d 1350 (Fed. Cir. 2015). Inphi Corp. filed a request for *inter partes* reexamination of Netlist’s patent relating to a memory module. During reexamination, Netlist amended the claims to recite a negative claim limitation – namely, “DDR chip selects that are not CAS, RAS, or bank address signals.” The Board then confirmed the validity of the claims as amended, and Inphi appealed. On appeal, Inphi argued that the negative claim limitation was not supported by the patent specification. Relying in part on an earlier decision, the Federal Circuit affirmed, concluding that properly describing alternative features, even if particular advantages or disadvantages of such features are mentioned, is sufficient to exclude one of those features as a negative claim limitation. Inphi had argued that the prior case law required that features described as alternatives could not be explicitly excluded in the claims unless there was an explicit reason – e.g., a disadvantage identified for such a feature. The Federal Circuit rejected that argument, relying in part on the MPEP, which states that “If alternative elements are positively recited in the specification, they may be explicitly excluded in the claims.”).

## **10. Whether Constitution Precludes PTO Review of Issued Patents**

*MCM Portfolio LLC v. Hewlett-Packard Co.*, \_\_\_ F.3d \_\_\_, 2015 WL 7755665 (Fed. Cir. Dec. 2, 2015). In a bold constitutional attack against the PTO’s ability to review the validity of issued patents, the Federal Circuit upheld the right of the PTO to review and revoke issued patents as being not in violation of Article III and the

Seventh Amendment to the U.S. Constitution, which guarantees a trial by jury. MCM Portfolio owns a U.S. patent relating to a computer system. Hewlett-Packard (HP) filed a petition with the U.S. PTO seeking *inter partes* review of certain claims of the patent. The PTO granted the petition and canceled the challenged patent claims. On appeal, MCM Portfolio argued that *inter partes* review by the PTO violates the U.S. Constitution because a prior U.S. Supreme Court case had suggested as much. That 1878 decision contained language suggesting that an action by the U.S. PTO to deprive a patent owner of his patent (property) without due process would be “an invasion of the judicial branch of the government by the executive.” The Federal Circuit concluded that the case “did not address Article III and certainly did not forbid Congress from granting the PTO the authority to correct or cancel an issued patent. The court also concluded that Congress has the power to delegate disputes over public rights to non-Article III courts, such as the PTO. It pointed to more recent decisions of the U.S. Supreme Court upholding the constitutionality of a statute authorizing an administrative agency to determine “fair” rents for tenants.

## **11. Inventors Have Reputational Standing to Sue to Correct Inventorship**

*Shukh v. Seagate Technology, LLC*, 803 F.3d. 659 (Fed. Cir. 2015). Shukh was employed by Seagate and named as an inventor on several Seagate patents. He had a reputation as an extremely successful innovator in the disk drive community. He signed an invention employment agreement that automatically assigned any patent rights in his inventions to Seagate. After Seagate terminated his employment, he sued Seagate under 35 U.S.C. § 256 for correction of inventorship, alleging that he was improperly omitted as an inventor on several Seagate other patents. The district court dismissed the action on the basis that he lacked standing to sue, because his employment agreement with Seagate meant that he had no financial interest in the patents. On appeal, Shukh argued that (1) the Federal Circuit should overturn its case law allowing for automatic assignments of invention rights; and (2) he had standing to sue on the basis of reputational harm, even if he could not show financial harm. The Federal Circuit vacated and remanded, concluding that there was a disputed question of fact as to whether Shukh would have suffered reputational harm, which was sufficient to confer standing to sue due to economic consequences that could flow from lack of being named on more patents. The court noted that it could not overturn its prior case law regarding automatic patent assignments absent action by an *en banc* court.

## **B. Interpretation and Infringement of Patents**

### **1. Claim Construction**

*Teva Pharmaceuticals USA Inc. v. Sandoz*, 135 S.Ct 831 (2015). Teva owns a patent covering a manufacturing method for the multiple sclerosis drug Copaxone. After Sandoz tried to market a generic version of the drug, Teva sued Sandoz for patent infringement. The patent claims recited that the active ingredient had “a molecular

weight of 5 to 9 kilodaltons,” which Sandoz argued rendered the claims indefinite, since there were three different ways of measuring the weight. The district court disagreed, but the Federal Circuit reversed. In reversing the district court, the Federal Circuit applied its de novo review of claim interpretations made by the district court – in other words, it gave no deference to any of its findings. The U.S. Supreme Court vacated and remanded the case to the Federal Circuit, ordering it to review subsidiary factual findings involving claim construction under the more deferential “clear error” standard provided by Federal Rule of Civil Procedure Rule 52(a). However, the Court made clear that “when the district court reviews only evidence intrinsic to the patent (the patent claims and specifications, along with the patent’s prosecution history), the judge’s determination will amount solely to a determination of law, and the Court of Appeals will review that construction *de novo*.” The Court also noted that in this case, the district court specifically credited Teva’s expert regarding how “molecular weight” would be understood and rejected Sandoz’s expert’s testimony regarding the same. According to the Court, “The Federal Circuit should have accepted the District Court’s finding unless it was ‘clearly erroneous.’”

Note: On remand from the U.S. Supreme Court, the Federal Circuit again concluded that the claims were indefinite, 789 F.3d 1335 (Fed. Cir. 2015). The court relied on the Supreme Court’s *Nautilus v. Biosig* case, which made it easier to find that claims are indefinite. According to the Federal Circuit, “The meaning one of skill in the art would attribute to the term molecular weight in light of its use in the claims, the disclosure in the specification, and the discussion of this term in the prosecution history is a question of law. The district court should not defer to Dr. Grant’s ultimate conclusion about claim meaning in the context of this patent nor do we defer to the district court on this legal question.”

*Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, 790 F.3d 1329 (Fed. Cir. 2015), *superseding* 744 F.3d 1272. In a case that went to the U.S. Supreme Court and back, the Federal Circuit on remand affirmed the district court’s interpretation of the claimed phrase “voltage source means.” The district court had initially ruled that this phrase was indefinite because it was a means-plus-function phrase without any corresponding structure in the patent specification. The district court thereafter reversed itself, concluding that expert testimony (i.e., extrinsic evidence) showed that a person of ordinary skill in the art would interpret this phrase as corresponding to a rectifier, which converts alternative current into direct current. The Federal Circuit initially reversed, but then reheard the case en banc, reaffirming that claim construction was subject to de novo review. The U.S. Supreme Court, citing its recent *Teva Pharmaceuticals v. Sandoz* decision, vacated and remanded to the Federal Circuit to apply a “clear error” standard of review for “subsidiary” factual questions relating to claim interpretation. On remand, the Federal Circuit affirmed the district court’s construction, concluding that because it relied on extrinsic evidence that did not contradict the intrinsic evidence, “the district court’s factual findings are supported by the record.”

**Key take-away:** Based on this decision, it seems likely that parties might seek to introduce more extrinsic evidence during Markman hearings, in an attempt to reduce the chances that the Federal Circuit would reverse a claim construction decision on appeal.

*Shire Development, LLC v. Watson Pharmaceuticals, Inc.*, 787 F.3d 1359 (Fed. Cir. 2015). In another case that went to the U.S. Supreme Court and back, the Federal Circuit reinstated its earlier decision in the case. In 2014, the Federal Circuit reversed a district court’s claim interpretation and remanded for further proceedings, applying a de novo standard of review. The U.S. Supreme Court vacated the decision and ordered the Federal Circuit to reconsider in view of the U.S. Supreme Court’s decision in *Teva Pharmaceuticals USA v. Sandoz, Inc.*, which held that the Federal Circuit must give deference to a district court’s factual underpinning in claim construction rulings. On remand, the Federal Circuit concluded that “Because this case does not involve factual findings to which we owe deference under *Teva*, we again reverse the district court’s constructions of the disputed claim terms and subsequent findings of infringement, and remand for further proceedings.” The court cited the U.S. Supreme Court’s statement in *Teva* that “When the district court reviews only evidence intrinsic to the patent (the patent claims and specifications, along with the patent’s prosecution history), the judge’s determination will amount solely to a determination of law, and [we] will review that construction de novo.” The court rejected Shire’s argument that because the district court “heard” testimony from various expert witnesses during a Markman hearing and at trial, the court must defer to the district court’s claim construction.

*Williamson v. Citrix Online, LLC*, 792 F.3d 1339 (Fed. Cir. 2015). Williamson sued Citrix for infringement of a patent relating to distributed learning. The district court issued a claim construction order interpreting the patent claims. As to one claim limitation, a “distributed learning control module,” the district court concluded that this was a means-plus-function limitation, but that there was no corresponding structure disclosed in the specification – hence the claim was invalid. Williamson stipulated to an adverse judgment based on these claim constructions, then appealed. The Federal Circuit, acting *en banc* as to one part of the opinion, overruled prior precedent that had imposed a “strong presumption that is not easily overcome” that claim elements should not be interpreted to be in means-plus-function form unless they used the term “means.” According to the court, “Our consideration of this case has led us to conclude that such a heightened burden is unjustified and that we should abandon characterizing as ‘strong’ the presumption . . . .” The court further explained that “The standard is 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.”

As applied to the facts of this case, the court noted that the full claim limitation at issue, “distributed learning control module for receiving communications transmitted between the presenter and the audience member computer systems and for relaying

the communications to an intended receiving computer system and for coordinating the operation of the streaming data control module,” was essentially in means-plus-function form except it replaced the word “means” with “module.” The court cited prior precedent holding that “module” was a substitute for the word “means” and did not connote any particular structure.

## 2. Disclaimer of Claim Scope

*Pacing Technologies, LLC v. Garmin International, Inc.*, 778 F.3d 1021 (Fed. Cir. 2015). Pacing Technologies sued Garmin International for infringing a patent relating to a system for pacing users during activities that involve repeated motions, such as running and swimming. The district court interpreted the patent claims to be limited to devices that play pace information as a metronomic tempo, and granted summary judgment of non-infringement in favor of Garmin. The question on appeal was whether the claim, which recited in its preamble “repetitive motion pacing system for pacing a user” should be limited to producing a “tempo.” The Federal Circuit affirmed, pointing to the “objects of the invention” as a disclaimer of claim scope. According to the Federal Circuit, “Immediately following the enumeration of the different objects of the present invention, the ‘843 patent states that ‘those [listed 19 objects] and other objects and features of the present invention ‘are accomplished, as embodied and fully described herein, by a repetitive motion pacing system that includes . . . a data storage and playback device adapted to producing the sensible tempo.’” The court explained that, “With these words, the patentee does not describe yet another object of the invention – he alerts the reader that the invention accomplishes *all* of its objects and features (the enumerated 19 and all others) with a repetitive motion pacing system that includes a data storage and playback device adapted to produce a sensible tempo. . . . this clearly and unmistakably limits ‘the present invention’ to a repetitive motion pacing system having a data storage and playback device that is adapted to producing a sensible tempo.”

## 3. New Test for Direct Infringement

*Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 797 F.3d 1020 (Fed. Cir. 2015) (en banc), *on remand from* 134 S.Ct. 2111 (2014). This is a complicated, long-running case. M.I.T. owns a patent that claims a method of delivering electronic data using a content delivery network. Akamai, the exclusive licensee of the patent, contracts with website owners to improve content delivery by designating certain components of the web site to be stored on Akamai’s servers in a process known as “tagging.” By serving the content from different servers, Akamai is able to increase the speed with which Internet users access the content on the websites. Defendant Limelight also carries out several steps of the patented method, but as to one of the patented steps, instead of tagging those components of the websites that are stored on its servers as claimed, Limelight requires its customers to do their own “tagging.” **In other words, most of the steps are performed by Limelight, but at least one of the steps is performed by Limelight’s customers.**

In 2006, Akamai sued Limelight for patent infringement, and a jury awarded \$40 million in damages. After the jury verdict, the Federal Circuit decided another case, *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008), which held that a party could only be liable for infringement if a single entity performed all of the claimed method steps, or if a single defendant “exercises control or direction” over the entire process such that every step is attributable to the controlling party. Because the defendant in *Muniauction* did not exercise control or direction over its customers’ performance of the steps, no infringement could be found. In light of *Muniauction*, the district court granted Limelight’s motion to set aside the verdict on the basis that no direct infringement existed, and because Limelight did not control or direct its customer’s “tagging” operation, no infringement could be found.

The Federal Circuit initially affirmed, concluding that a defendant that does not itself perform all of the steps of a patented method can be eligible for direct infringement only “when there is an agency relationship between the parties who perform the method steps or when one party is contractually obligated to the other to perform the steps.” Because Limelight did not have control over its customers, the customer’s tagging operations could not be attributed to Limelight.

The Federal Circuit reheard the *Limelight* case en banc and reversed. The en banc court did not revisit its direct infringement case law, but instead concluded that “the evidence could support a judgment in Akamai’s favor on a theory of induced infringement” under 35 U.S.C. § 271(b). This was true, according to the Federal Circuit, because liability for induced infringement arises when a defendant carries out some steps constituting a method patent and encourages others to carry out the remaining steps, even if no one would be liable as a direct infringer.

The U.S. Supreme Court reversed and remanded. Beginning with the proposition that there can be no liability for induced infringement unless there is a single direct infringer, Justice Alito blasted the Federal Circuit, stating that “The Federal Circuit’s analysis fundamentally misunderstands what it means to infringe a method patent. A method patent claims a number of steps; under this Court’s case law, the patent is not infringed unless all the steps are carried out.” The Court explained that “where there has been no direct infringement, there can be no inducement of infringement under § 271(b).” The Court rejected the analogy that tort law imposes liability on a defendant who harms another through a third party, even if that third party would not himself be liable. “Because Limelight did not undertake all steps of the ‘703 patent and cannot otherwise be held responsible for all those steps, respondents’ rights have not been violated.” The Court also rejected an analogy to the federal aiding and abetting statute. The Court did, however, acknowledge the danger in permitting a would-be infringer to evade liability by dividing performance of a method claim with another whom the defendant neither directs nor controls, but noted that such an anomaly “would result from the Federal Circuit’s interpretation of § 271(a) in *Muniauction*,” suggesting that the holding in that case was questionable. The Court also rejected

Akamai's suggestion that the Supreme Court review the Federal Circuit's earlier *Muniauction* decision, stating that "we decline to do so today." The case was remanded to the Federal Circuit with the caveat that "the Federal Circuit will have the opportunity to revisit the § 271(a) question if it so chooses."

On remand from the U.S. Supreme Court, the en banc Federal Circuit reversed its earlier decision, concluding that a patent owner can establish direct infringement when "an alleged infringer conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establishes the manner or timing of that performance." **In those instances, "the third party's actions are attributed to the alleged infringer such that the alleged infringer becomes the single actor chargeable with direct infringement."** The court also stated that "Alternatively, where two or more actors form a joint enterprise, all can be charged with the acts of the other, rendering each liable for the steps performed by the other as if each is a single actor."

As applied to the facts of Limelight and Limelight's customers, the jury heard substantial evidence that Limelight directed or controlled its customers' performance of each remaining method step, such that all steps of the method are attributable to Limelight. Limelight conditioned its customers' use of its content delivery network upon its customers' performance of the tagging and serving steps, and that Limelight established the manner or timing of its customers' performance. Limelight required all of its customers to sign a standard contract under which the customers were required to perform the tagging and serving content steps. Limelight also provided step-by-step instructions to its customers telling them how to do the steps. Finally, Limelight's engineers continuously worked with its customers to supervise their activities. Based on this evidence, the en banc court held that Limelight directed or controlled its customers' performance of each remaining method step, and therefore Limelight was liable as a direct infringer.

**Key Take-Away:** Although this case opens the door to proving infringement even where two different entities are performing steps of a method claim, the importance of careful claim drafting, particularly when drafting method claims involving computer technology, cannot be overemphasized. Claims that involve participation by more than one person or corporate entity may be difficult to enforce in court, leaving patent owners with little or no recourse.

#### **4. Infringement of Design Patents**

*Apple Inc. v. Samsung Electronics Co*, 786 F.3d 983 (Fed. Cir. 2015). In this long-running patent dispute between Apple and Samsung over smartphone technology, Apple was awarded damages for infringement of, among other things, design patents directed to the ornamental appearance of Apple's phones. On appeal, Samsung argued that it should not have been found liable for infringement of the design patents because any similarity was limited to the basic or functional elements of the

design patents, rather than the ornamental appearance. Citing prior case law stating that the scope of design patent claims must be construed in order to identify the non-functional aspects of the design as shown in the patent, Samsung argued that the district court should have “excluded” the functional aspects of the design patents in the jury instructions. The Federal Circuit affirmed, concluding that prior case law “does not support Samsung’s proposed rule of eliminating any ‘structural’ aspect from the claim scope.” Instead, as long as the jury instructions “as a whole” conveyed the message that “the ornamental design” as shown in the patents defined the scope of the design patents, the instructions were proper.

## **5. Infringement By Exporting Components of Patented Invention**

*Promega Corp. v. Life Technologies Corp.*, 773 F.3d 1338 (Fed. Cir. Dec. 15, 2014). Promega owns a patent that claims a “kit” for analyzing DNA samples. Life Technologies sells kits that allegedly infringe, but only one of the components is made in the United States. The one component is then shipped overseas, where it is combined with the remaining components that allegedly constitute infringement. Promega sued under 35 U.S.C. § 271(f)(1), which states that “Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.” Life Technologies argued that because it only exported one component, it could not be liable for “all or a substantial portion of the components.” The Federal Circuit disagreed, noting that “Nothing in the ordinary meaning of ‘portion’ suggests that it necessarily requires a certain quantity or that a single component cannot be a ‘portion’ of a multi-component invention. Rather, the ordinary meaning of ‘substantial portion’ suggests that a single important or essential component can be a ‘substantial portion of the components’ of a patented invention.”

## **C. Enforcement of Patents**

### **1. Standards-Essential Patents**

*Microsoft Corp. v. Motorola, Inc.*, 795 F.3d 1024 (9<sup>th</sup> Cir. 2015). Microsoft sued Motorola for breach of contract, alleging that Motorola had an obligation to license its standards-essential Wi-Fi patents to Microsoft at a reasonable and non-discriminatory (“RAND”) rate, and that Motorola breached its RAND obligations by sending two offer letters with offers that greatly exceeded what would be considered as reasonable. A jury determined that Motorola had breached its RAND good faith and fair dealing obligations and awarded damages. The Ninth Circuit affirmed in all respects, concluding that: (1) Motorola waived any challenge to a bench trial establishing a RAND royalty rate; (2) the district court’s royalty calculation properly applied a “hypothetical agreement” approach to determining patent damages; (3)



substantial evidence supported the jury's verdict; and (4) Microsoft was entitled to attorney fees.

*Commonwealth Scientific and Industrial Research Organisation v. Cisco Systems, Inc.*, \_\_\_ F.3d \_\_\_, No. 2015-1066 (Fed. Cir. Dec. 3, 2015). The Federal Circuit held that damages awarded for infringement of a standards-essential patent must take into account the standards-essential nature of the patent, which might otherwise inappropriately lead to higher damages awards relating to the standards-essential nature instead of the true value of the patent. In this case, CSIRO sued Cisco for infringement of a patent that was deemed essential to the IEEE 802.11 wireless specification, which covers the Wi-Fi standard. Although CSIRO agreed with the IEEE to license its patent on reasonable and non-discriminatory ("RAND") terms for an early version of the Wi-Fi standard, it refused to do so for later versions of the Wi-Fi standard. Cisco stipulated to validity and infringement, and agreed to a bench trial on damages. An Eastern District of Texas judge awarded CSIRO \$16 million in damages.

On appeal, the Federal Circuit first considered Cisco's argument that the district court failed to calculate royalties based on the "smallest salable patent-practicing unit" – i.e., a chip that incorporated the Wi-Fi technology. The Federal Circuit rejected Cisco's argument, concluding that its argument – that all damages models must begin with the smallest salable patent-practicing unit – "is untenable." Instead, it was permissible for the district court to rely primarily on the parties' initial negotiations over royalty rates per end unit, not based on chips. However, the Federal Circuit faulted the district court's failure to discount the value of the patent based on the fact that it was incorporated into a standard that must be practiced by companies in the particular field of technology – Wi-Fi. Quoting an earlier case, the Federal Circuit held that "First, the patented feature must be apportioned from all of the unpatented features reflected in the standard. Second, the patentee's royalty must be premised on the value of the patented feature, not any value added by the standard's adoption of the patented technology." "Once incorporated and wisely adopted, that technology is not always used because it is the best or the only option; it is used because its use is necessary to comply with the standard." In the context of the *Georgia-Pacific* factors, the commercial success and popularity of products that practice the invention might be due more to the standard itself than the patent's value to the standard. The district court thus failed to take into account other patents that might also be essential to the standard.

## **2. Limitations on Suing Customers When Sellers are Primary Target**

*Speedtrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317 (Fed. Cir. 2015). SpeedTrack sued Office Depot and others for infringing a patent relating to a computer filing system for accessing files and data according to user-designated criteria. According to the complaint, the defendants' websites infringed the patent. The infringement was allegedly caused by the defendants' use of certain software purchased from

Endeca. In other words, the patent owner sued the customers instead of the entity that made and sold the software. The district court granted summary judgment in favor of the defendants on the grounds of the so-called *Kessler* doctrine (*Kessler v. Eldred*, 206 U.S. 285 (1907)), a U.S. Supreme Court decision that bars a patent infringement action against a customer of a seller who has previously prevailed against the patent owner. In this case, Speedtrack had previously sued Wal-Mart and others over the use of the same software, resulting in the software seller (Endeca) intervening in that case. The district court in that case entered final judgment of non-infringement in favor of Endeca and Wal-Mart, which was affirmed on appeal. (Note: the lawsuit against Office Depot was filed while the Wal-Mart action was still pending).

Speedtrack then appealed from the Office Depot judgment, arguing that the *Kessler* doctrine was “obsolete” and distinguishable. The Federal Circuit affirmed, concluding that the doctrine was still alive and well. Under that doctrine, a party who obtains a final adjudication of non-infringement in its favor obtains the right to make and use the product in question, and the right attaches to the product, not merely to the party that made the product. The court also rejected Speedtrack’s argument that *Kessler* did not address whether customers had the right to invoke the *Kessler* doctrine. According to the Federal Circuit, “the rationale underlying the *Kessler* doctrine supports permitting customers to assert it as a defense to infringement claims.”

### 3. Attorney Fees

*Oplus Technologies, Ltd. v. Vizio, Inc.*, 782 F.3d 1371 (Fed. Cir. 2015). Oplus sued Vizio for patent infringement, but the district court awarded summary judgment of non-infringement in favor of Vizio. Despite numerous acts of litigation misconduct committed by the plaintiff, including “manufacturing venue” in Illinois, misusing and abusing the discovery process, its law firm (Niro Haller & Niro) issuing a subpoena against itself to seek a document it knew was subject to a protective order in a prior unrelated lawsuit; and presenting contradictory expert evidence and infringement contentions as well as misrepresenting legal and factual support, the district court found the case “exceptional” under 35 U.S.C. § 285, but declined to award attorney fees. The Federal Circuit vacated the fees decision, noting firstly that its prior case law – which required that patent litigants establish entitlement to fees by clear and convincing evidence – had been recently overturned by the U.S. Supreme Court in *Octane Fitness*. After detailing the many litigation abuses by Oplus, the Federal Circuit concluded that “when, as here, a court finds litigation misconduct and that a case is exceptional, the court must articulate the reasons for its fee decision.”

**Key Take-Away:** It will be increasingly easier to get attorney’s fees for meritless patent cases, which might discourage so-called “patent trolls” in the coming months and years. Time will tell how far courts are willing to go in making such awards.

#### 4. International Trade Commission (ITC) Proceedings

*Suprema, Inc. v. International Trade Commission*, 796 F.3d 1338 (Fed. Cir. 2015). The Federal Circuit, in an *en banc* decision, reversed its earlier decision involving whether the ITC had jurisdiction to find induced infringement. In its original decision, a panel of the Federal Circuit held that the ITC may not issue an exclusion order barring importation of products that infringe only under a theory of induced infringement, where no direct infringement occurs until after importation of the articles the exclusion order would bar. In this case, the direct infringement did not occur until after Mentalix combined Suprema's products with its own software, thus making Suprema allegedly liable for induced infringement. The Federal Circuit based its decision on the language of the ITC statute (section 337), which refers to importation of "articles that . . . infringe a valid and enforceable United States patent." After a rehearing *en banc*, the Federal Circuit changed its mind, concluding that the ITC's interpretation of the statute was reasonable and entitled to *Chevron* deference. Many cheered the new decision, because the earlier ruling had been criticized for providing a way for importers to circumvent ITC enforcement actions by break up infringing products into two pieces and bringing them into the United States separately. Now, an importer can be held liable for induced infringement at the ITC even if the infringement does not occur until after the articles are imported into the U.S.

*ClearCorrect Operating, LLC v. Int'l Trade Comm'n*, \_\_\_ F.3d \_\_\_, 2015 WL 6875205 (Fed. Cir. Nov. 10, 2015). ClearCorrect sells orthodontic aligners that are placed over a patient's teeth to gradually re-align them. Align Technology Inc. filed an ITC complaint alleging that ClearCorrect's alleged "importation" of digital data used for creating the orthodontic aligners constituted a violation of the ITC statute. ClearCorrect makes its aligners as follows: First, its U.S. entity scans physical models of the patient's teeth and creates a digital recreation of the initial tooth arrangement. Second, it transmits the digital models to Pakistan, where the position of each tooth is manipulated to create a final tooth position. Third, ClearCorrect Pakistan transmits the manipulated digital models to ClearCorrect U.S., which uses 3-D printing to turn the digital models into physical models. Finally, an aligner is manufactured in the U.S. using thermoplastic molding.

The ITC concluded that ClearCorrect's digital data transmitted into the United States constituted an "article" that was imported in violation of the ITC statute constituting infringement of Align Technology's patents, which covered a method for making orthodontic appliances. The Federal Circuit reversed in a split decision, concluding that the term "articles" in the ITC statute (19 U.S.C. § 1337(a)) could only refer to material things, not intangible data, and therefore the ITC had no jurisdiction to bar importation of such data.

The majority began by noting that the Tariff Statute granted the ITC jurisdiction to bar importation of "articles" into the United States. Unless there is an importation of

an “article,” the ITC has no jurisdiction. Although “article” is not defined in the ITC statute, the Federal Circuit turned to contemporary dictionaries from when the statute was enacted (1922), which defined “article” as “a material thing or class of things.” The majority rejected the ITC’s reliance on a more ambiguous definition of “article” from the 1924 edition of Webster’s dictionary. It also pointed to the 1924 Dictionary of Tariff Information, which defined “article” as a commodity, and the 1933 edition of Black’s Law dictionary, which defined “article” as “a material thing or class of things.” The majority also noted that if “article” were defined so broadly as to include electronic data, then the statute’s references to “forfeiting” and “seizing” such “articles” would make no sense. Because in its view the statute was clear, no *Chevron* deference to the ITC’s statutory interpretation was appropriate.

The majority next addressed whether, even under *Chevron*’s second step, the ITC’s interpretation of “article” would be a permissible one. It concluded that it would not, finding that such an interpretation was “irrational.” According to the majority, the ITC adopted an even broader meaning of “article” than was supported by the old dictionary definition that it relied upon.

Judge O’Malley filed a concurring opinion, agreeing with the decision but pointing out that it was not necessary to resort to *Chevron* deference at all. According to Judge O’Malley, Congress never delegated authority to the ITC to regulate the transmission of digital data, and thus *Chevron* deference was not appropriate.

Judge Newman dissented, concluding that “today’s economy” involves various computer-implemented methods and systems that were not contemplated when the 1930s Tariff Act was enacted. Pointing to various snippets of legislative history and case law, she concluded that the statute should be interpreted in light of modern technologies to encompass the transmission of digital data.

## **5. Infringement Damages for Design Patents – No Apportionment**

*Apple Inc. v. Samsung Electronics Co.*, 786 F.3d 983 (Fed. Cir. 2015). In this long-running dispute between Apple and Samsung involving patented smartphone technology, a jury awarded Apple damages against Samsung based on Samsung’s “entire profit” for infringement of Apple’s design patents. Samsung appealed, arguing that the jury should have been instructed that Apple could only recover damages for “profit attributable to the infringement.” The Federal Circuit rejected this argument, concluding that the wording of the design patent infringement statute – 35 U.S.C. § 289, permits an award of the “total profit” made by the infringer, without any apportionment. In a footnote, the court dismissed the concerns of a group of law professors who had filed an amicus brief urging that such a rule “makes no sense in the modern world.” According to the Federal Circuit, “Those are policy arguments that should be directed to Congress.”

## **6. Exclusive Licensee Lacked “All Substantial Rights” to Bring Suit**

*Alps South, LLC v. The Ohio Willow Wood Co.*, 787 F.3d 1379 (Fed. Cir. 2015). Alps South makes and sells liners used as a cushion between an amputated limb and a prosthetic limb. Alps signed an exclusive license with the patent owner covering such a liner, giving Alps the right to sue over the patent. Alps sued The Ohio Willow Wood Co. for patent infringement, but Ohio Willow argued that Alps did not have standing to sue for patent infringement because it lacked “all substantial rights” in the patent. The Federal Circuit agreed, noting that (1) the license was restricted to a particular field of use; (2) the license prohibited Alps from settling any infringement actions without the patent owner’s consent; (3) the patent owner retained the right to sue if Alps failed to sue within 6 months of learning of infringement; and (4) the license limited Alps’s right to pursue patent infringement to the same field of use. According to the Federal Circuit, “the original agreement’s field of use restriction is fatal to Alps’s argument that it had standing to file this action.” Because the license restricted Alps’s rights to a particular field of use, it lacked standing to sue unless it had joined the patent owner in the suit. The Federal Circuit also rejected Alps’s argument that a nunc pro tunc amended licensing agreement that eliminated this field of use was ineffectual, because “nunc pro tunc assignments are not sufficient to confer retroactive standing.”

## **7. Prevailing Party Need Not Prevail on All Counts**

*SSL Services, LLC v. Citrix Systems, Inc.*, 769 F.3d 1073 (Fed. Cir. 2015). SSL Services sued Citrix for infringing two patents relating generally to virtual private networks. After a jury trial, SSL prevailed on infringement as to one of the patents, while Citrix prevailed (non-infringement) as to the other patent. The jury awarded \$10 million in damages. The district court concluded that because each party won on one of the patents, neither was the “prevailing party” for purposes of awarding attorney fees and costs. The Federal Circuit reversed, noting that “despite some success by Citrix in defending against some of SSL’s claims, we agree with SSL that it is the prevailing party. SSL has a judgment for damages against Citrix. This judgment is a ‘relief on the merits [that] materially alters the legal relationship’ of the parties.” Finding SSL to be the prevailing party, however, does not automatically entitle it to any particular level of fees. The court vacated and remanded to the district court to assess the amount of fees or costs to award to SSL in connection with the claims on which it prevailed.

## **8. Willful Infringement – PTO’s Reexamination Showed Lack of Merit**

*SSL Services, LLC v. Citrix Systems, Inc.*, 769 F.3d 1073 (Fed. Cir. 2015). SSL Services sued Citrix for infringing two patents relating generally to virtual private networks. After a jury awarded \$10 million in damages and found that the infringement was willful, the district court increased the damages to \$15 million. Citrix appealed, arguing that the willfulness finding was erroneous. To establish

willful infringement, the patent must show clear and convincing evidence that (1) the infringer acted despite an objectively high likelihood that its actions constituted infringement; and (2) that this objectively-defined risk was either known or so obvious that it should have been known to the accused infringer. As to the objective prong, the court found that because the PTO had rejected invalidity arguments in an ex parte reexamination involving the same prior art that Citrix asserted at trial, it was unreasonable for Citrix to believe that it could have shown invalidity under the higher “clear and convincing” evidentiary burden at trial.

## 9. Infringement Damages

*Ericsson, Inc. v. D-Link Systems, Inc.*, 773 F.3d 1201 (Fed. Cir. Dec. 4, 2014). Ericsson sued D-Link and others for infringement of standards-essential patents (SEP) relating to Wi-Fi technology. A jury found that D-Link infringed the patents and awarded \$10 million in damages. On appeal, D-Link argued that the jury was not properly instructed regarding how to calculate a reasonable royalty using the so-called “*Georgia-Pacific* factors.” The Federal Circuit vacated in part, concluding that because Ericsson was obligated to license the patents under RAND terms (“reasonable and nondiscriminatory”), many of the *Georgia-Pacific* factors were irrelevant and should have been excluded. For example, the fourth *Georgia-Pacific* factor is “the licensor’s established policy and marketing program to maintain his patent monopoly by not licensing others.” But because of its RAND obligation, Ericsson could not have such a policy. As a second example, the fifth *Georgia-Pacific* factor is “the commercial relationship between the licensor and licensee,” which the Federal Circuit found to be irrelevant in view of Ericsson’s obligation to offer licenses at a non-discriminatory rate. As a third example, the eighth *Georgia-Pacific* factor accounts for an invention’s “current popularity,” which the Federal Circuit concluded would be “inflated” due to because the Wi-Fi standard requires the use of the invention. In summary, “the district court erred by instructing the jury on multiple *Georgia-Pacific* factors that are not relevant, or are misleading, on the record before it . . . .”

The Federal Circuit also held that the royalty rate for standard-essential patents must be apportioned to the value of the patented invention. “When dealing with SEPs, there are two special apportionment issues that arise. First, the patented features must be apportioned from all of the unpatented features reflected in the standard. Second, the patentee’s royalty must be premised on the value of the patented feature, not any value added by the standard’s adoption of the patented technology. For example, although the 802.11 standard encompasses numerous technologies including link establishment, security protocols, error control, and flow control, one of the patents at issue only covers the ability of the system to prioritize time-sensitive payloads by informing the system what type of data is in each transmission. The court also required that “apportionment of the value of the patented technology from the value of its standardization.” According to the court, “In other words, widespread adoption of standard essential technology is not entirely indicative of the added

usefulness of an innovation over the prior art.” The court held that **“the jury must be told to differentiate the added benefit from any value the innovation gains because it has become standard essential.”** The court, however, rejected D-Link’s argument that the jury should have been instructed about the dangers of royalty stacking unless there was actual evidence of such stacking.

*Info-Hold, Inc. v. Muzak LLC*, 783 F.3d 1365 (Fed. Cir. 2015). Info-Hold owns a patent relating to a system for playing music and advertisements through telephones and public speaker systems. Info-Hold sued Muzak for patent infringement, and Info-Hold based its damages case on the report and testimony of its expert. The district court struck Info-Hold’s expert from testifying because of various defects in his analysis. The district court then ruled that Info-Hold had failed to introduce any evidence on damages and struck its damages case. On appeal, the Federal Circuit reversed, holding that 35 U.S.C. § 284 requires that the court award damages “in an amount no less than a reasonable royalty” even if the patent owner has not evidence to offer. The Federal Circuit pointed to deposition testimony that the court could have considered in arriving at a reasonable royalty.

*WesternGeco L.L.C. v. ION Geophysical Corp.*, 791 F.3d 1340 (Fed. Cir. 2015). WesternGeco sued ION Geophysical Corp. for infringement of patents relating to marine seismic streamer technology that is deployed behind ships. A jury found infringement and awarded \$93 million in lost profits damages and \$12 million in reasonable royalties damages. The infringement verdicts were based on 35 U.S.C. § 271(f), which establishes liability for exporting from the U.S. components of a patented invention that are combined outside the U.S. in an infringing manner. On appeal, ION Geophysical attacked the \$93 million in lost profits damages, arguing that the patent owner is not entitled to lost profits made overseas due to the infringement. The Federal Circuit agreed, explaining that “WesternGeco cannot recover lost profits resulting from its failure to win foreign service contracts, the failure of which allegedly resulted from ION’s supplying infringing products to WesternGeco’s competitors.” According to the Federal Circuit, however, “Patentees are still entitled to a reasonable royalty, and WesternGeco received such a royalty here.”

## 10. Inequitable Conduct

*American Calcar, Inc. v. American Honda Motor Co.*, 768 F.3d 1185 (Fed. Cir. 2015). Since the Federal Circuit’s 2011 en banc decision in *Therasense Inc. v. Becton, Dickinson and Co.*, 649 1276 (Fed. Cir. 2011), it has been much harder to prove that a patent applicant engaged in inequitable conduct that renders a patent unenforceable. This is a rare case in which such a ruling was upheld. Calcar sued Honda for patent infringement involving a multimedia system for use in a car to access vehicle information, but Honda asserted that the patents were unenforceable due to inequitable conduct – specifically, one of the co-inventors submitted only partially complete information to the U.S. PTO regarding a prior art navigation

system. The district court, applying the *Therasense* standard, found that the patents were unenforceable due to inequitable conduct. First, the court found that “but for” the failure to disclose fully the prior art navigational system to the PTO, the patents would never have been issued. Second, the court concluded that the single reasonable inference to be drawn from the failure to disclose was an intent to mislead the PTO. The Federal Circuit affirmed, agreeing that the slight difference between the claimed invention and the (never-disclosed) navigational system would have rendered the invention obvious. It also agreed that, based on inconsistent testimony by the co-inventor in a prior lawsuit, the co-inventor’s direct role in preparing the patent application, and his possession of photographs and details of the prior art system that were never provided to the U.S. PTO, he intended to mislead the PTO.

## 11. Patent Exhaustion

*Helferich Patent Licensing, LLC v. The New York Times Co.*, 778 F.3d 1293 (Fed. Cir. 2015). Helferich owns several patents relating to sending messages containing hyperlinks to mobile devices. Helferich sued the New York Times and other defendants for patent infringement. The district court granted summary judgment to the defendants on the ground of patent exhaustion. Because Helferich had licensed its patents to handset manufacturers, the district court concluded that Helferich had exhausted its ability to enforce the patents against content providers that send content to the handsets.

The Federal Circuit reversed. It began by noting that there were two sets of patent claims at issue: (1) “handset claims” that are directed to activities occurring on the handset devices (e.g., receiving information and requesting services); and (2) “content claims” that are directed to handling content that is sent to handset devices. In this case, only the “content claims” were asserted against the defendants. Each set of claims was presumed to be patentably distinct from the other set. Helferich had licensed its portfolio to most handset manufacturers, but the licenses carefully distinguished between the conduct of handset makers, and the conduct of others, such as content providers (i.e., the defendants in this case). The licenses also clearly disclaimed any grant of rights to content providers and reserved Helferich’s enforcement rights against them. According to the Federal Circuit, infringement of the “content claims” has not been shown to require that handset acquirers are practicing those claims.

*Lexmark International, Inc. v. Impression Products, Inc.*, 785 F.3d 565 (Fed. Cir. 2015). After an initial hearing before a panel, the Federal Circuit sua sponte issued an order in this case that the case be heard *en banc*. At issue is whether the sale of articles abroad that are patented in the United States exhausts the patent rights in the United States. It also ordered hearing as to whether the sales of patented articles to end users under a restriction that they use the articles (ink cartridges) and return them gives rise to patent exhaustion. [Disclosure notice: Banner & Witcoff represents the patent owner -- Lexmark -- in this case.]



## **12. Induced Infringement – Belief in Invalidity as Defense**

*Commil USA, LLC v. Cisco Systems, Inc.*, 135 S.Ct. 1920 (2015). Commil sued Cisco for patent infringement, and a jury awarded damages for induced infringement. On appeal, the Federal Circuit held that Cisco’s good-faith belief that the patent was invalid could defeat an accusation of induced infringement. According to the court, “We see no principled distinction between a good-faith belief of invalidity and a good-faith belief of non-infringement for the purpose of whether a defendant possessed the specific intent to induce infringement of a patent.” Five judges dissented from the denial of the petition for rehearing en banc. According to Judge Reyna, “infringement and invalidity are separate issues under the patent code and our precedent.”

The U.S. Supreme Court reversed, holding that “the scienter element for induced infringement concerns infringement; that is a different issue than validity.” According to the Court, “because infringement and validity are separate issues under the [Patent] Act, belief regarding validity cannot negate the scienter required under §271(b).” The Court found it significant that issues of infringement and validity appear in separate sections of the patent statute. It also concluded that allowing such a new defense would undermine the presumption of validity that attaches to issued patents.

## **13. Interplay Between District Court Litigation and PTAB Proceedings**

*Intellectual Ventures II LLC v. JPMorgan Chase & Co.*, 781 F.3d 1372 (Fed. Cir. 2015). Intellectual Ventures sued JPMorgan Chase for infringement of five patents. JPMC moved to stay the lawsuit on the grounds that it intended to file petitions at the PTO seeking covered business method patent reviews of the patents. After two of the petitions were filed, but before the PTO had ruled on them, the district court denied the motion to stay, and JPMC appealed. The Federal Circuit dismissed the appeal on the ground that it did not have authority to review the district court’s decision because the PTO had not yet instituted a review. According to the Federal Circuit, the AIA statute only permits review of a decision relating to “a proceeding,” meaning an institution decision made by the PTO.

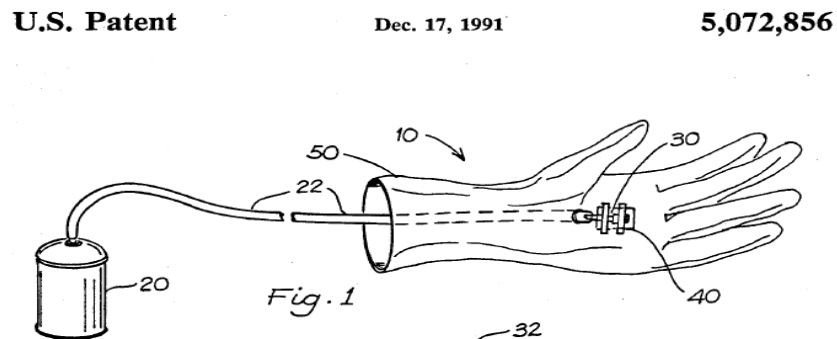
*Exela Pharma Sciences, LLC v. Lee*, 781 F.3d 1349 (Fed. Cir. 2015). Patent owner SCR Pharmatop entered the U.S. national stage of its PCT application after the 30-month deadline had expired under the patent statute. Because the patent owner missed that deadline, it filed a petition to revive the application on the ground that the delay was “unintentional,” using a form provided by the U.S. PTO for such purpose. The PTO granted the petition, and proceeded to examine the application. Exela Pharma sued the PTO under the Administrative Procedure Act (APA), challenging its authority to grant such petitions, and requesting that the PTO cancel the resulting patent. The district court held that the suit was barred by statute of limitations. The

Federal Circuit affirmed, on the ground that “PTO revival rulings are not subject to third party collateral challenge, thereby precluding review regardless of whether Exela’s claims were time-barred.”

*Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015). Apple filed an IPR against Achates’s patent at the PTO, and the PTO instituted the IPR, ultimately determining that certain claims of the patent were invalid. Achates appealed, arguing that because the IPR petitions were time-barred under 35 U.S.C. § 315(b), the PTAB lacked authority to institute the IPR. Following its prior precedent, the Federal Circuit held that it could not review the decision to institute the IPR, a decision that is “final and nonappealable” under 35 U.S.C. § 314(d).

#### 14. Patent Royalty Obligations Extending Beyond Patent Term

*Kimble v. Marvel Entertainment, LLC*, 135 S.Ct. 2401 (2015). In 1991, Kimble obtained a patent on a toy that allows kids to shoot “spider-man” string from a glove.



After Kimble sued Marvel for patent infringement, the parties settled the litigation. The settlement agreement provided that Marvel would purchase Kimble’s patent in exchange for a lump sum and a 3% royalty on Marvel’s future sales. There was no end date for the payment of royalties. Sometime later, Marvel discovered the U.S. Supreme Court’s decision in *Brulotte v. Thys Co.*, 379 U.S. 29 (1964), which held that a patent holder may not charge royalties for use of the invention after the patent has expired. Marvel then filed a declaratory judgment action against Kimble, seeking a declaration that it could stop paying royalties in 2010, when the patent expired. The district court granted the relief, which was upheld on appeal by the Ninth Circuit. Kimble petitioned for review by the U.S. Supreme Court, which affirmed. The Supreme Court declined to overrule its precedent, noting that there were various ways to work around the rule, such as deferring payments for pre-expiration use of the patent into the post-expiration period. “A licensee could agree, for example, to pay the licensor a sum equal to 10% of sales during the 20-year patent term, but to amortize that amount over 40 years.” The Court also noted that post-expiration royalties are permitted when they are tied to a non-patent right, such as trade secrets. “Finally and most broadly, *Brulotte* poses no bar to business arrangements other than royalties – all kinds of joint ventures, for example – that enable parties to share the

risks and rewards of commercializing an invention.” According to Justice Kagan, “Respecting stare decisis means sticking to some wrong decisions.”

## **15. Laches Retained as a Defense in Patent Litigation**

*SCA Hygiene Products Aktiebolag V. First Quality Baby Products, LLC*, \_\_\_ F.3d \_\_\_, 2015 WL 5474261 (Fed. Cir. Sept. 18, 2015) (en banc). The Federal Circuit held, in a sharply divided 6-5 en banc decision, that laches should be retained as a defense to patent infringement. After considering whether a recent Supreme Court decision (*Petrella v. Metro-Goldwyn-Mayer, Inc.*) that abolished laches as a defense in copyright suits should apply to patent suits, the majority of the court decided that patent law was different from copyright law and, because of how the patent statute was drafted, Congress intended to retain laches as a defense to patent infringement. Following its prior decisions, a presumption of laches arises when a patent owner waits more than 6 years after knowledge of infringement to file a patent infringement suit. If a court decides that laches applies, the patent owner is precluded from obtaining patent infringement damages prior to the filing of the lawsuit, but it is not precluded from being awarded an ongoing royalty for infringement that occurred after the suit was filed. If laches is found, the court also has discretion to decide whether the patent owner should be barred from obtaining an injunction against future infringement.

## **16. The War Against Patent Trolls**

*Vermont v. MPHJ Technology Investments, LLC*, \_\_\_ F.3d \_\_\_, 2015 WL 5667526 (Fed. Cir. Sept. 28, 2015). In this long-running dispute between the state of Vermont and alleged patent “troll” MPHJ Technology, the Federal Circuit affirmed a district court’s order remanding the case back to state court in Vermont. Vermont had originally sued MPHJ under its Vermont Consumer Protection Act for sending threatening demand letters to businesses in the state of Vermont. Vermont alleged that the letters constituted “unfair trade practices” because they were deceptive. MPHJ removed the suit to Federal Court, but it was remanded back. The Federal Circuit held that it did not have jurisdiction to hear the removal order. Vermont filed an amended complaint, and after MPHJ answered and counterclaimed, it again removed the suit to federal court. The Federal Circuit affirmed, concluding that it did not have jurisdiction to hear the removal order.

## **17. Supreme Court to Review Willful Infringement Standard**

*Stryker Corp. v. Zimmer, Inc.*, No. 14-1520, and *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, No. 14-1513: The U.S. Supreme Court granted certiorari in two companion cases involving whether the Federal Circuit has improperly applied a rigid test for awarding enhanced damages unless there is a finding of willfulness under a two-part test. In order to award enhanced damages, the Federal Circuit currently requires that a patentee prove by clear and convincing evidence that the

infringement was “willful,” which requires both that (1) there was an objectively high likelihood that the infringer’s actions constituted infringement, and (2) that likelihood was either known or so obvious that it should have been known to the accused infringer.

# **PATENTS**

# **Counseling, Opinions & Licensing**



**Supreme Court Affirms *Brulotte*,  
“Green-Lights” Collecting Patent  
Royalties After Patents Expire**

**Charles W. Shifley**

***Banner & Witcoff Intellectual  
Property Alert***

***June 23, 2015***



## Intellectual Property Alert: Supreme Court Affirms *Brulotte*, “Green-Lights” Collecting Patent Royalties After Patents Expire

By Charles W. Shifley

June 23, 2015 – In an important decision for patent licensing freedom, on June 22, 2015, the United States Supreme Court cleared the way for spreading patent royalty payments after the expiration of patents, in some simple and other complex ways. In *Kimble v. Marvel*, 576 U.S. (2015), the Court affirmed the decision of *Brulotte v. Thys*, that royalties may not be collected on sales that occur after patents expire. However, it also approved extending “in-term” royalties on patents into post-expiration periods in spite of *Brulotte*.

The Court (split 6-3) specifically stated, for example, that “*Brulotte* leaves open various ways — involving both licensing and other business arrangements — to accomplish payment deferral and risk-spreading alike.” In candid language that endorses lawyering around *Brulotte*, the Court said, “parties can ... find ways around *Brulotte*, enabling them to achieve the same ends [of payment deferral and risk-spreading].”

The Court continued with a list of approved options: “To start, *Brulotte* allows a licensee to defer payments for pre-expiration use of a patent into the post expiration period.” According to the Court, “A licensee could agree, for example, to pay a licensor a sum equal to 10% of sales during the 20-year patent term, but to amortize that amount over 40 years.” This would effectively double the 20-year term of patents.

Next on the list, says the Court, “Under *Brulotte*, royalties may run until the latest-running patent covered in the parties’ agreement expires.” This is significant, as the Court did not reference lowering the royalties as patents expire, while it does with the third item.

“[P]ost-expiration royalties are allowable,” says the Court, “so long as tied to a non-patent right — even when closely related to the patent.” The Court provides this example: “A license involving both a patent and a trade secret can set a 5% royalty during the patent period (as compensation for the two combined) and a 4% royalty afterward (as payment for the trade secret alone).”

The Court finished that “*Brulotte* poses no bar to business arrangements other than royalties — all kinds of joint ventures, for example — that enable parties to share the risks and rewards of commercializing an invention.”



Patent owners and licensees may now with a firm conviction in the right (1) extend in-term patent royalty payments into post-term periods, (2) extend payments to the expiration of the latest-expiring patent in a group, (3) extend payments to the end of the continued use of trade secrets that are closely related to licensed patents, and (4) use joint ventures and like business arrangements that extend the sharing of risks and rewards of commercialization of inventions after the conclusion of patent terms.

Remarkably, the Court resolved that the economic underpinnings and policy of *Brulotte* were wrong, but retained *Brulotte*. *Stare decisis*, the rule of preservation of the constancy of the law, led to the decision, said the Court. Only Congress should change the law of *Brulotte* for policy reasons.

A three-justice dissent disagreed, characterizing *Brulotte* as perfectly deserving of change. Justice Kagan, leading the majority, concluded that the Court had “carefully guarded” the “cut-off date” of patents, and “respecting *stare decisis* means sticking to some wrong decisions.”

Thus, the rule of *Brulotte* remains, and royalties may not be collected for patents that have been expired. But as can be read, the Court has nevertheless “green-lighted” a variety of patent licensing opportunities, both simple and complex, for spreading patent royalty payments after the expiration of patents.

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.



**Maximizing the Financial Value of IP  
Assets**

**Azuka C. Dike**

***Banner & Witcoff IP Update***

***October 15, 2015***

## MAXIMIZING THE FINANCIAL VALUE OF IP ASSETS

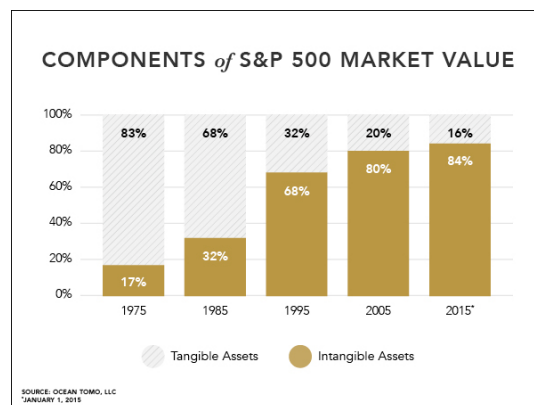


BY AZUKA C. DIKE

### INTELLECTUAL PROPERTY IN THE INFORMATION AGE

How vital can intellectual property (IP) be to a company's balance sheet? Just ask Limelight Networks. The company's shares fell 18 percent after it lost a patent infringement case to Akamai Technologies in August 2015. The announcement of this news alone erased more than \$18 million from Limelight's market value in a matter of hours.<sup>1</sup>

As we transition from an industrial economy (based primarily on the exchange of physical assets) to an information-based economy, IP has increasingly been viewed as a fundamental economic resource for many businesses, universities, and institutional investors. As illustrated below, in 1975, intangible assets including IP comprised only 17 percent of the market capitalization of S&P 500 companies. Over the past four decades, this ratio has grown so that approximately 84 percent of the market capitalization of S&P 500 comprises intangible assets and IP.



(<http://www.oceantomo.com/intellectual-capital-equity>)

In spite of the wave of businesses adding IP to their balance sheets, all companies should make a thoughtful inquiry as to whether an IP portfolio should be considered a financial asset, and if so, how they can efficiently extract real value and drive economic performance from that portfolio.

### IP PORTFOLIOS: THE NEW FINANCIAL ASSET

As global IP transactions rise, companies are adding IP assets to their balance sheet at an unprecedented rate. IP portfolios are intrinsically packaged with a company's other intangible and tangible assets to be traded on securities exchanges as a traditional financial asset (i.e., stocks). However, the expectation of future economic benefits derived from these IP assets, and in particular patents, may not be as apparent in comparison.

Substantial differences exist between transactions involving traditional financial assets and IP assets. Financial assets are governed by securities regulations and have been structured to reduce risk by enabling safe, dependable securities transactions. These safeguards, together with established financial exchanges, have led to an increase in financial asset transactions, which allow companies to more competently exchange market information and determine the value of available financial assets. IP markets typically do not share these same characteristics. The lack of transparency and information surrounding IP has made it increasingly difficult to conduct IP transactions at a frequency that generates economic value for most market participants.

1. "Akamai Wins Appeal in \$45.5 Million Limelight Patent Case," *Bloomberg Business*, August 13, 2015.

In many instances, prospective IP transactions do not occur simply because it is too challenging for buyers and sellers to find each other.

Additionally, unlike most financial assets, it has become increasingly difficult for companies to value the worth of their IP portfolios, much less the individual components that comprise a portfolio. Determining a valuation for an IP portfolio is an evolving science that varies between businesses and evaluators. Moreover, the value of an IP portfolio can be significantly

more resources toward gathering and sharing market data. This may eventually lead to a level playing field for market participants and a progression toward treating IP more like financial assets.

### **PRACTITIONER'S TOOLKIT FOR MAXIMIZING IP PORTFOLIO VALUE**

Generally, the goal of every business is to maximize profits and minimize expenses. This principle should apply equally to financial assets and IP assets alike.

**“Using these best practices as a foundation for targeting and developing underutilized IP assets can lead to increased cash flows and maximize the expected value of your portfolio.”**

altered based on future litigation, estoppel, or changes in patent law — does *Alice* ring a bell? Likewise, with the rise of post-issuance proceedings, in particular *inter partes* reviews (IPRs), serving as a more amenable defense to patent litigation, patent owners must remain vigilant in assessing how such events may affect the estimated value of their IP portfolio.

For many businesses, IP is an undervalued and underexploited asset. Companies seeking to stay competitive in the marketplace invest in research and development that may lead to valuable IP assets. However, often times, companies are quickly swayed by the winds of time, expense, or change, and fail to tap the full potential of internally-generated IP. They ultimately allow unexploited technology to lay dormant, instead of utilizing various other means to generate value from these IP assets (e.g., securitizing IP assets, licensing, sale, acquiring debt funding, etc.).

Still, IP portfolios are increasingly recognized as a financial asset. As market transparency improves in relation to the frequency of IP transactions, companies may begin to invest

Consequently, some tips for maximizing the value of an IP portfolio include:

- (1) Treating your IP portfolio like a financial asset.
  - Develop a basic fundamental understanding of the various types of IP in your portfolio, as well as the corresponding rights, protections, and subject matter of each IP asset.
  - Gather intelligence concerning competitor IP strategies and portfolios.
    - Conduct periodic searches of the competitive IP landscape to gain detailed legal and business information relating to competitor products and IP assets. This information can be used to assess the expected value of your IP portfolio and to determine whether new technologies may impair that value.
  - Make calculated and informed decisions to maximize the expected value of your portfolio.

**MORE ▶**

[IP ASSETS, FROM PAGE 5]

- Many companies evaluate and compare strategic IP decisions in terms of the estimated impact on reported earnings rather than focusing on the expected incremental value of future cash flows for each IP asset in their portfolio.
  - To maximize portfolio value, companies should evaluate alternative IP strategies in view of their effect on expected value and susceptibility to shifts in competitive and legal landscapes.
- (2) Do not prioritize portfolio quantity over quality.
- Many companies are focused on acquiring or creating large portfolios of IP assets, despite the fact that much of their current portfolio remains unexploited. Periodically monitor or audit your portfolio to determine the status of relevant value-creating IP activities/opportunities, and seek to pursue IP transactions that maximize the expected value of the overall portfolio.
  - Track the quality of acquired or internally-generated IP assets using objective criteria, as well as their relationship with and contribution to the total value of the portfolio.
    - Generate detailed performance metrics for each IP asset to determine and monitor value over the life of the asset.
  - IP rights cost money to create, and can generate negative cash flows to maintain or assert these rights (e.g., maintenance fees, litigation, etc.). Carry only IP assets that maximize portfolio value, and license/sell IP assets that fail to generate value or returns above your cost of capital.
- (3) Adjust your business plan to ensure IP assets are applied profitably across most business activities.
- Adopt IP management procedures that promote the exchange of value-relevant information between business sectors so that you may quickly respond to changing market conditions and leverage potential IP transaction opportunities.
  - Periodically conduct detailed portfolio assessments and develop/monitor objective economic performance indicators for your IP portfolio. This data can be utilized to increase the overall transparency of your portfolio's value, thus reducing risk and transaction costs for potential buyers.
- (4) Seek out new strategies and opportunities to monetize your IP portfolio by considering estimated value creation during all phases of IP development/implementation.
- Consider new methods of generating revenue from your current IP portfolio by identifying underutilized or undervalued IP assets, determining whether and how best to monetize these assets (e.g., licensing, selling, etc.), and acquiring IP to further both offensive and defensive positions within the competitive marketplace.
- Using these best practices as a foundation for targeting and developing underutilized IP assets can lead to increased cash flows and maximize the expected value of your portfolio. While IP may not exhibit all the characteristics of a financial asset, it will continue to be an important measure of a company's market value. Consequently, IP portfolios must be judiciously managed like any other financial asset in order to maximize future growth and economic value. ■



**How Due Diligence Analysis Drives a  
Negotiation**

**John M. Fleming**

***Today's General Counsel***

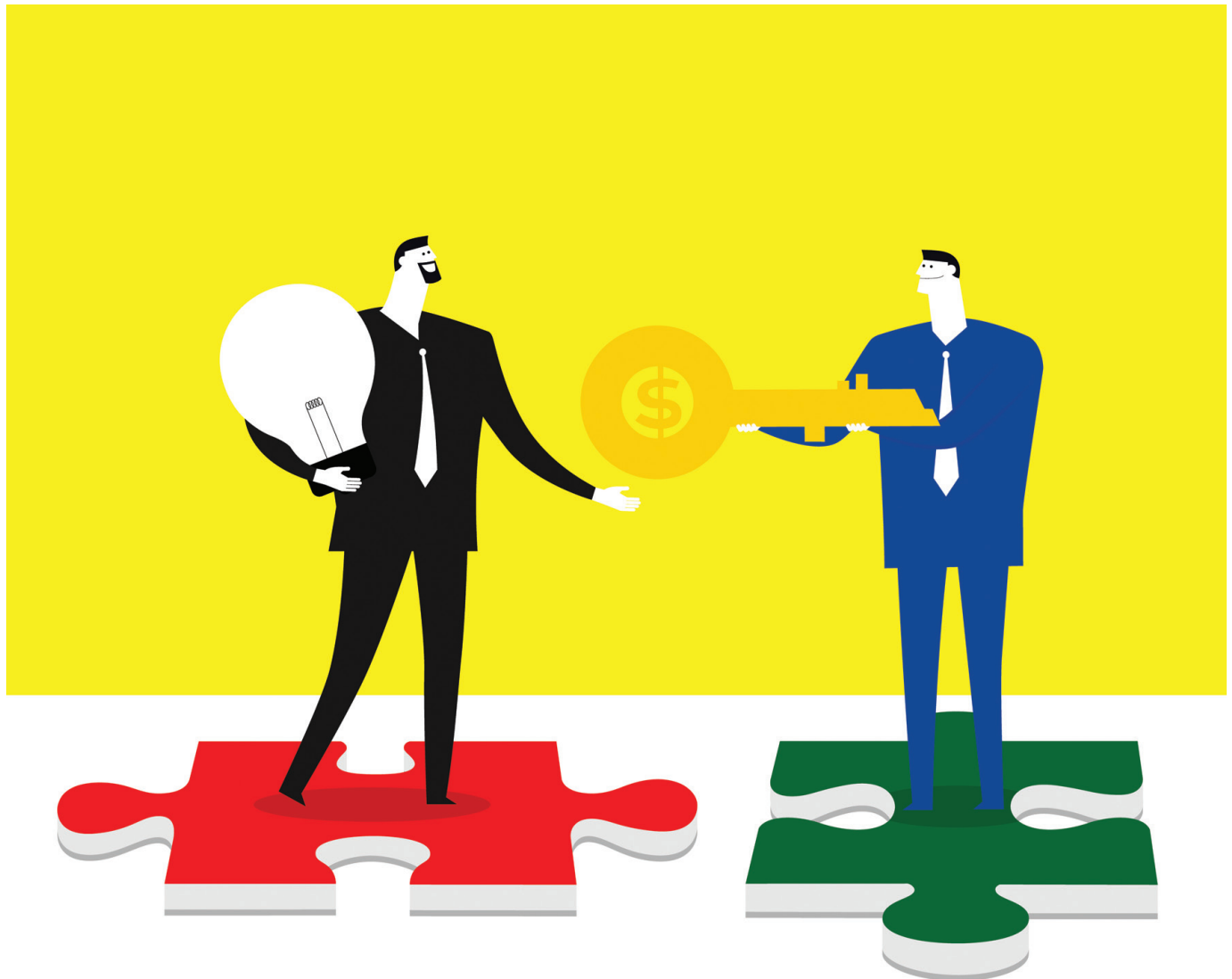
***December 15, 2015***

# Today's GENERAL COUNSEL

## Intellectual Property

### How Due Diligence Analysis Drives a Negotiation

By John M. Fleming



**D**ue diligence is the process of evaluating an asset or portfolio of assets to determine benefits and potential issues. Basically, it's an assessment of pros and cons.

Due diligence can allow either or both parties to a negotiation the opportunity to drive the value of the

asset up or down, as well as to appreciate the underlying problems that must be addressed. The legal hurdles that must be overcome weigh differently for a potential seller and buyer, and often each has different goals in its analysis of the value of an asset. With any given asset, a seller wants to sell

at a high price, and the buyer would prefer to buy low. Confidential, or often shielded from certain entities, a due diligence analysis can have an enormous impact on the negotiation process.

Patents present unique due diligence issues. There are a number of approaches that a patent asset seller

can take. Some sellers choose not to perform due diligence and leave it to the buyer, so the buyer will absorb the costs. In the end, however, that will cost the seller more than doing some level of up front diligence, perhaps even before a potential buyer is involved.

A seller should approach the sale from the perspective of the buyer. What will a buyer want this for? Which industry will be most impacted by this asset? This is where an infringement due diligence analysis can be a real benefit for a seller.

Sometimes a seller may prepare generalized claim charts with regard to a specific entity's product/services. These charts show a potential buyer how the patent claims stack up and can be a good starting point for illustrating its value. Emphasizing infringement by

– a buyer should be concerned with enforcement and the potential to go after another entity, whether immediately or sometime in the future. Thus, the validity of an asset to be acquired is an important factor in assessing the value.

A validity diligence analysis can help inform a buyer about potential prior art that is not of record and that may affect eventual enforcement. The buyer should be assessing the offering as a defendant would – trying to uncover any applicable prior art, turning over any stone that could limit the scope or enforcement, and trying to discern the area of a non-infringement contention.

Similarly with respect to infringement: A buyer should seek to assess the potential for an infringement action against a third party, whether through charts provided

seller to better appreciate the underlying cost or risks associated with correction. Again, these cost and risks can be used to drive the negotiation process.

Due diligence is often conducted by the buyer, because the buyer has the biggest risk, namely acquiring something of no value. Although a seller may not be selling the asset at market price, it still receives some compensation.

Still, due diligence analysis by a seller is beneficial in comparison to the cost. A negotiation often includes a back-and-forth discussion, with the need for due diligence by both parties. The process is akin to a used car deal, where a dealership wanting to sell a customer a nice car will tune the vehicle, wash it clean, vacuum it, and fix any aesthetic blemishes, all to win the heart of a buyer. Meanwhile, a potential buyer should be researching the vehicles's pros and cons, researching the dealership, the vehicle's market value and how it's trending, and also getting an independent evaluation of the vehicle by a mechanic.

All these things cost both parties money but help drive the cost to an agreed-upon medium. Like a car, a patent is a form of personal property and should be treated as such when assessing whether to acquire or let go. In most cases, a broad view of the positives and negatives in a portfolio offering derived through due diligence should steer the negotiation process on both sides of the deal. ■

### Whether buying or selling, a party should appreciate the cost of correction associated with an asset.

a competitor of the buyer, or perhaps the buyer itself, enhances the potential sale value of an asset. A keen seller can divulge enough information without disclosing all of its cards.

Pendency is another relevant issue. An issued patent has a different value to a buyer than an offering that has a pending application at the U.S. Patent and Trademark Office, because a pending case allows the buyer to prosecute claims as it desires. The most important parts of an asset for sale may not be the issued patent itself. Subject matter in the patent application that can be developed and drafted in light of the specific goals of a buyer may be far more important. Accordingly, a seller should try to maintain pendency of an asset for sale throughout a negotiation process.

For a patent buyer, the value of an asset offering is driven toward potential enforcement. Although buyers may desire to acquire an asset merely for defensive purposes – so that another party does not acquire it to bring suit against them

by a seller or independently. In either case the buyer should look critically. The effect can be two-fold. If the asset is pending, then even if the claims have problems, or do not read directly on a competitor's product/service, additional claims may be drafted that do read directly. A buyer can seek to drive down the cost of an acquisition by discussing the weaknesses with the seller, without divulging the potential correction or removal of the weaknesses in a pending application.

Whether buying or selling, a party should appreciate the cost of correction associated with an asset. Many issues regarding a patent can be fixed with time and money. A patent owner can file a Certificate of Correction, often with a fee. Larger problems can be corrected with a reissue filing of the patent, also with applicable fees. Ultimately, many issues can be addressed through some form of filing with the USPTO, but the costs and potential repercussions vary widely. A due diligence analysis can identify these issues, to allow a buyer or



**John M. Fleming** is a principal shareholder in the Washington D.C. office of Banner & Witcoff

Ltd. He concentrates on preparing and prosecuting utility and design patent applications in a variety of technical fields, while participating in litigation matters, client counseling and opinion work. [jfleming@bannerwitcoff.com](mailto:jfleming@bannerwitcoff.com)

Electronic permissions and single printed copies for distribution to Banner & Witcoff Ltd. from *HRO Today* December © 2015 SharedXpertise, LLC.



# **Post-Issuance Proceedings**



**Federal Circuit IPR Scoreboard:  
PTAB: 2; Patent Owner: 0**

**Katie L. Becker**

***Banner & Witcoff PTAB Highlights***

***February 23, 2015***

BANNER&WITCOFF

# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

[bannerwitcoff.com](http://bannerwitcoff.com)

## Federal Circuit IPR Scoreboard PTAB: 2 Patent Owner: 0

By [Katie L. Becker](#)

February 13, 2015 — Last week the Federal Circuit issued its first decision in an appeal of a final decision from a post-issuance review proceeding under the America Invents Act.<sup>1</sup> In a 2-1 decision, the Federal Circuit affirmed a Patent Trial and Appeal Board (PTAB) final decision in an *inter partes* review (IPR) cancelling the reviewed claims as obvious.

At the U.S. Patent and Trademark Office (PTO), Garmin International, Inc. and Garmin USA Inc. petitioned for an IPR of three claims of a patent directed to an interface that displays a vehicle's current speed as well as the speed limit. The PTAB instituted an IPR on all three claims, determining that there was a reasonable likelihood that those three claims were obvious in view of a combination of various prior art references. In its final decision, the PTAB, applying its broadest reasonable interpretation standard to the claims, found that the reviewed patents were obvious and therefore unpatentable.

On appeal, the patent owner, Cuozzo, argued that the PTO improperly instituted the IPR on two out of the three claims. In reaching its institution decision, Cuozzo argued, the PTO relied on art that Garmin did not identify in its petition as grounds for instituting the IPR as to those two claims, despite the fact that it was identified with respect to the third claim. In response to this argument, the Federal Circuit concluded that 35 U.S.C. § 314(d) prohibits review of the institution decision even after a final decision

Cuozzo also argued that the PTAB should not have applied the broadest reasonable interpretation standard in claim construction. In advancing this argument, Cuozzo first argued that the PTO

---

<sup>1</sup> *In re Cuozzo Speed Technologies, LLC*, Case No. 14-301 (Fed. Cir., Feb. 4, 2015).

lacked authority to promulgate 37 C.F.R. §42.100(b), which specifies this claim construction standard in IPR proceedings. The Federal Circuit disagreed. After analyzing the history of the broadest reasonable interpretation standard and how that history bears on the interpretation of IPR statute, the Court concluded that Congress was well aware of and implicitly adopted that standard when it enacted the AIA. The Court also found that 35 U.S.C. § 316 provides authority to the PTO to conduct rulemaking and thus to promulgate §42.100(b).

The Court went on to apply *Teva Pharmaceuticals U.S.A., Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 841 (2015), construing the claims under the broadest reasonable interpretation standard, and concluded that the PTAB did not err in its claim construction. In addition, the Court reviewed the Board's obviousness determination and agreed with the PTAB, finding the claims<sup>2</sup> obvious.

Judge Newman dissented from several of the panel majority's rulings as "contrary to the legislative purpose of the Leahy-Smith American Invents Act." With respect to the claim construction ruling, Judge Newman found that by treating the claims of an issued patent the same way as claims in a pending application, as the majority did, "precludes achieving review of patent validity in Inter Partes Review comparable to that of the district courts, where validity is determined based on the correct claim construction, not an artificially 'broadest' construction." Thus, the majority "defeats the legislative purpose" since the PTO cannot serve as a "surrogate for district court litigation if the PTAB does not apply the same law to the same evidence."

In her analysis, Judge Newman distinguishes routine patent examination and reexamination from *inter partes* review and specifically recognizes that limitations placed on patent owners in IPR proceedings, noting that it is "beyond debate that Inter Partes Review does not allow the kind of iterative amendment process that initially justified adoption of a 'broadest reasonable interpretation' protocol in examination and reexamination."

Lastly, with respect to the prohibited appellate review of institution decisions, Judge Newman favors a "thoughtful adjustment to the legislative purposes, as "the statute requires" versus "heavy-handed foreclosure of all review of anything related to the petition."

The Federal Circuit issued another IPR decision earlier this week. In a one-sentence ruling, the Federal Circuit in *Softview LLC v. Kyocera Corp., et al.*, upheld the PTAB's final decision in an IPR proceeding, invalidating all 18 claims subject to review.<sup>3</sup>

As the volume of PTAB final decisions in AIA proceedings continues to increase, so will appeals to the Federal Circuit. Practitioners and patent owners will continue to monitor whether the Court will continue to uphold PTAB decisions invalidating claims or if it will even the score and begin reversing the PTAB's final decisions.

---

<sup>2</sup> The Court analyzed only claim 10 in determining whether the PTAB erred in its obviousness analysis, since Cuozzo stated in its appeal briefing that for purposes for the appeal, the three claims "rise and fall together."

<sup>3</sup> These claims were also asserted in an underlying litigation between the parties and additional defendants. See *Softview LLC v. Apple Inc. et al.*, 1:10-cv-00389 (D. Del.).

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office's Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board's significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of PTAB Highlights.



**Who You Gonna Call? The Board!**

**H. Wayne Porter**

***Banner & Witcoff PTAB Highlights***

***February 23, 2015***

BANNER&WITCOFF

# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

[bannerwitcoff.com](http://bannerwitcoff.com)

## Who You Gonna Call? The Board!

By H. Wayne Porter

February 23, 2015 — The PTAB issued an order providing guidance for responding to potential witness coaching during a deposition recess.

[Cases IPR2014-00411 and IPR2014-00434 – FLIR Systems, Inc. v. Leak Surveys, Inc.](#)

In an *inter partes* review (IPR), a party normally submits direct testimonial evidence in the form of a declaration or affidavit. The opposing party is then permitted to cross-examine the declarant in a deposition. The PTAB takes a dim view of attempts to coach a witness. As set forth in Appendix D to the Office Patent Trial Practice Guide,<sup>i</sup> “unnecessary objections, ‘speaking’ objections, and coaching of witnesses in proceedings before the Board are strictly prohibited.” The guide further includes the following:

Once the cross-examination of a witness has commenced, and until cross-examination of the witness has concluded, counsel offering the witness on direct examination shall not: (a) Consult or confer with the witness regarding the substance of the witness’ testimony already given, or anticipated to be given, except for the purpose of conferring on whether to assert a privilege against testifying or on how to comply with a Board order; or (b) suggest to the witness the manner in which any questions should be answered.<sup>ii</sup>

In a February 10, 2015, order entered in a pair of IPRs, the PTAB addressed an asserted instance of witness coaching. In those IPRs, the authenticity of two prior art references is at issue. The petitioner submitted a declaration by a witness to support the authenticity of those references,

and the witness was then deposed. During cross-examination, there was “unexpected testimony.” At the conclusion of cross-examination, a recess was taken, and counsel for the petitioner held an off-the-record discussion with the witness. On redirect, and according to the opposing party, the patent owner, the witness made an attempt to overcome and possibly explain away the unexpected testimony. When the patent owner’s counsel sought further testimony regarding the nature of conversations during the recess, the petitioner’s counsel asserted privilege and would not permit the witness to answer.<sup>iii</sup>

This deposition became the subject of two conference calls with the Board. In the first call, the patent owner raised the issue of possible witness coaching and suggested that sanctions were appropriate. In the second call, the petitioner sought leave to file “supplemental information” in the form of a further declaration by the witness in question.

The PTAB indicated that the patent owner could file a motion to exclude the deposition testimony and, if that motion failed, argue the weight that should be given that testimony. The PTAB declined to allow a motion for sanctions and found that the patent owner could obtain complete relief, if it is successful, in excluding the references or convincing the PTAB that no weight should be given. The PTAB also declined to allow the petitioner’s request for leave to file a motion to rely on supplemental information.

The Order acknowledged the problems associated with off-the-record discussions between counsel for a party and a witness testifying for that party. If there are recess conversations, a party risks the PTAB excluding or giving no weight to testimony of a coached witness. The Order then offered the following guidance and caution:

If a recess is requested and a party believes a recess is not appropriate, a conference call may be placed to the Board for a determination of whether a recess should occur and, if a recess is authorized, the conditions under which the recess is to occur.

In our view, any possibility of developing further information or evidence relating to what occurred during Petitioner’s off-the-record recess conference with the deponent was waived when the Patent Owner did not seek the assistance of the Board when Petitioner declined to permit its witness to answer Patent Owner’s questions during the deposition.

Curiously, the transcript of the deposition in question suggests that the patent owner attempted to call the PTAB during the deposition.<sup>iv</sup> It is not clear from the transcript why the call was not successful. In any event, the take-away from the Order is clear. If a lawyer believes that opposing counsel is coaching a witness, get the PTAB on the phone during the deposition.



*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office's Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board's significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of PTAB Highlights.

---

<sup>i</sup> 77 Fed. Reg. 48756, 48772 (Aug. 14, 2012).

<sup>ii</sup> *Id.*

<sup>iii</sup> Although the PTAB Order states that “[a]ttempts to obtain further testimony by Petitioner on the nature of any conversations taking place during the recess were not allowed by Patent Owner, principally on privilege grounds,” this appears to be a typographic error of reversing the roles of the parties. The deposition transcript indicates that the counsel for the patent owner inquired about the nature of the recess conversation, and that counsel for the petitioner asserted privilege. See [Exhibit 2044 to IPR2014-00411](#), at pages 74-75.

<sup>iv</sup> *Id.* at page 76.



**A Slip of the Pen May Cost You Your  
IPR**

**Charles W. Shifley**

***Banner & Witcoff PTAB Highlights***

***February 26, 2015***

BANNER&WITCOFF

# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

[bannerwitcoff.com](http://bannerwitcoff.com)

## A Slip of the Pen May Cost You Your IPR

By Charles W. Shifley

February 26, 2015 – The Patent Office is getting *inter partes* review (IPR) petitions by the boat load. See, e.g., [http://www.uspto.gov/sites/default/files/documents/aia\\_statistics\\_02-19-2015.pdf](http://www.uspto.gov/sites/default/files/documents/aia_statistics_02-19-2015.pdf). Some patent challengers are adding to the volume by filing numerous IPRs against a single patent. They use each IPR for a distinct set of claims. For example, Ford filed five IPRs against one patent, in IPR2015-00722, 758, 784, 785, 791. It may be that petitioners are finding Patent Office page lengths for IPRs too confining. But the volume of IPRs has potential to overwhelm the Patent Trial and Appeal Board (PTAB). Indeed, the volume of IPR filings may be affecting the willingness of the PTAB to accept petitions, and its assessment of fact and law as it goes about accepting and rejecting petitions.

In IPR2014-01242, the PTAB rejected a petition. The reason for the rejection was the one-year bar for filing. The underlying reason, however, may have been an excusable slip of a pen, a slip that was not excused.

To refresh the reader, an IPR can be filed by a person sued for patent infringement only within one year of the date of service of the complaint. 35 U.S.C. §315(b). IPR rules have turned that deadline into a requirement that the petitioner must satisfy. They must certify that they are not barred or estopped from requesting the IPR. 37 C.F.R. §42.104(a). As stated in *Johnson Health Tech Co. v. Icon Health & Fitness, Inc.*, IPR2014-01242, Decision: Denying Institution of *Inter Partes* Review (PTAB February 11, 2015), the petitioner “bears the burden of showing compliance.”

Two parties filed the “Johnson petition.” They were Johnson Health Tech Co. Ltd., and Johnson Health Tech North America, Inc. Call them “Johnson” and “North.” Johnson is the parent of North. *Id.* at 2. North had been sued more than a year before the date of the IPR petition. The PTAB resolved that North was barred from filing the petition.

But Johnson had not been sued. *Id.* The issue arose, however, that the bar of 35 U.S.C. §315 extends not just to parties who are sued, but their privies. The PTAB, as a result, had a decision to make whether Johnson, the parent, was the privy of North, the subsidiary. Oddly, Johnson, as a petitioner, said little to support its standing as *not* North's privy. *Id.* at 8. The patent owner, in contrast, identified "myriad" facts. *Id.*

Myriad facts, however, did not become a part of the PTAB's decision that Johnson was a privy of North. Instead, the PTAB stated that Johnson and North shared a "close and significant business relationship," and that North was "simply an intermediary" between Johnson and ultimate purchasers of accused products. *Id.* at 8-9. These facts may have been enough to justify dismissing the petition. The PTAB, continued, however, that after Johnson filed for a previous reexamination of the patent involved, North represented in the litigation that North had done the filing, and represented it so twice. *Id.* at 9. Those representations, the PTAB reasoned, showed that Johnson and North had "blurred sufficiently the lines of corporate separation" such that Johnson was concluded to exercise control, or could have exercised control, over the business matters of North. *Id.* That sealed the deal. The petition was denied.

Were the representations of North that it filed for reexamination when Johnson had actually done the filing a slip of the pen? No doubt. In the PTAB opinion, and probably in the representations, Johnson was designated "JHT" and North was designated "JHTNA." Someone may have slipped up keeping track of acronyms. But the slip, nevertheless, may well have been the one thing that most cost Johnson its IPR.

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office's Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board's significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of PTAB Highlights.



**The Role of Post-Grant Reviews in  
Patent Challenges Before the PTAB**

**H. Wayne Porter**

***Landslide***

***March 1, 2015***

# The Role of Post-Grant Reviews in Patent Challenges before the PTAB

By H. Wayne Porter

H. Wayne Porter is a shareholder at Banner & Witcoff, Ltd. He would like to thank Joseph M. Potenza for his assistance and insights during preparation of this article.

The America Invents Act (AIA)<sup>1</sup> established several types of contested proceedings for challenging patents before the Patent Trial and Appeal Board (PTAB) of the U.S. Patent and Trademark Office (USPTO). These proceedings, called “trial proceedings” by the PTAB, include post-grant review (PGR), inter partes review (IPR), and reviews conducted under the transitional program for covered business method patents (CBM). IPRs and CBMs have become popular avenues for attacking claims of issued patents. According to statistics from the USPTO, 2,299 IPR petitions and 277 CBM petitions had been filed by January 1, 2015, with 931 IPR trials and 123 CBM trials instituted as of that date.<sup>2</sup>

Because of different eligibility requirements, PGRs have yet to be widely used. Unlike IPRs and CBMs, PGRs are only available for patents subject to the “first-to-file” scheme of the AIA. In general, a PGR is available for a patent that issues on an application that has ever included (or that ever claimed priority to another application that ever included) a claim having an effective filing date on or after March 16, 2013.<sup>3</sup> This will largely limit PGRs to patents arising from applications filed on or after that date. As of January 1, 2015, only one active PGR was shown in the Patent Review Processing System (PRPS) online records of the PTAB.<sup>4</sup> As the number of eligible patents grows, however, PGRs are likely to become a much larger percentage of patent challenge proceedings before the PTAB.

As discussed below, there is a fairly narrow post-issuance time window within which a PGR must be filed. If a patent of concern first comes to light after this window has closed, a PGR simply will not be an option. When a PGR is an option, additional grounds for patent challenge available in a PGR present a significant advantage relative to IPRs. However, PGRs also have a significant disadvantage relative to IPRs: a much broader estoppel scope. In some cases where a PGR is possible, a challenger might thus wish to wait a few months and file an IPR instead of a PGR. This article examines various aspects of PGRs and offers insights into the considerations that may affect such a decision.

## Similarity to CBMs

There is overlap between PGRs and IPRs, but as discussed below, there are also substantial differences. However, a CBM is in many ways a specialized type of PGR. For cases where a CBM is available, the standards and procedures of a PGR generally apply.<sup>5</sup> CBMs differ from PGRs with regard to eligible patents. CBMs are only available with regard to “covered business method” patents, which are defined as patents that claim “a method or corresponding apparatus for performing data processing or other

operations used in the practice, administration, or management of a financial product or service,” but that exclude patents for “technological inventions.”<sup>6</sup> Moreover, and unlike PGRs, a suit or charge of infringement is a prerequisite to a CBM.<sup>7</sup>

### **Nine-Month Window of Opportunity**

One of the most important features of a PGR is the relatively short time within which a PGR petition may be filed. Under 35 U.S.C. § 321(c), “[a] petition for a post-grant review may only be filed not later than the date that is 9 months after the date of the grant of the patent or of the issuance of a reissue patent.” This short window of opportunity will preclude a PGR if a patent of concern is not discovered until after that window has closed.

In circumstances where a party already knows about a pending patent application of potential concern and can monitor its status, this may not be an issue. In many circumstances, however, some or all of the nine-month PGR filing window may be gone by the time a patent of concern is recognized by a potential challenger. For example, a patent may issue from an application filed by an individual or other applicant that is not known to be a player in a particular field. In such a case, a party impacted by that patent may have no practical way to learn of it. For many technologies, routinely reviewing all recently issued patents in a particular field may be an expensive and time-consuming effort that many companies are unwilling to perform. Even in cases where all of the players in a particular field may be known, simply reviewing all recently issued patents owned by one of those players may be insufficient if a patent owner is determined to hide that ownership interest.

The nine-month PGR filing window is not a long time period. As discussed below, one advantage of a PGR relative to an IPR is the ability to challenge patentability under 35 U.S.C. § 112.<sup>8</sup> Such challenges, particularly with regard to enablement or written description under § 112(a) or with regard to definiteness under § 112(b), will be dependent on the knowledge of a person of ordinary skill in the art. Successfully arguing a challenge on one of these bases will almost certainly require declaration testimony from an appropriate expert. Identifying an expert, bringing that expert up to speed on the patent of interest and the relevant issues, and working with that expert to obtain a declaration are time-consuming tasks. Starting those tasks at the last minute could, to say the least, be quite stressful.

If outside the nine-month PGR filing window, an IPR or CBM may be available. The window for filing an IPR petition opens nine months after patent issuance and remains open for the enforceable life of the patent. However, an IPR petitioner can only challenge claims in a patent based on anticipation by and/or obviousness over prior art consisting of patents or printed publications. As discussed below, an IPR may also offer slightly less discovery opportunities than might be available in a PGR. A CBM petition may be filed any time during the enforceable life of a patent, but is restricted in other ways mentioned above.

As with IPRs, a PGR is precluded if a petitioner or real party in interest has previously filed a civil action challenging the validity of a claim in the patent at issue.<sup>9</sup> Notably, “a civil action challenging the validity of a claim” does not include a counterclaim challenging validity.<sup>10</sup>

**(Possibly) Higher Standard for Instituting Trial**

The first step in challenging a patent in an IPR, PGR, or CBM is to file a petition requesting institution of a trial. That petition must identify all of the claims being challenged and all of the grounds for challenge. Based on the petition, supporting evidence, and the patent owner's preliminary response (if filed), the PTAB determines whether a trial will be instituted to decide the patentability of all, some, or none of the challenged claims. If a trial is instituted, it may proceed on less than all of the grounds initially asserted in the petition. After a trial is instituted, and after additional evidence and arguments have been submitted, the PTAB will issue a final written decision that decides which of the claims at issue in the trial are unpatentable.

Ostensibly, the threshold for instituting a trial in a PGR is higher than the threshold for IPRs. For a PGR, the PTAB may not institute a trial unless it "determines that the information presented in the petition . . . , if such information is not rebutted, would demonstrate that *it is more likely than not* that at least 1 of the claims challenged in the petition is unpatentable."<sup>11</sup> For an IPR, the PTAB may not institute a trial unless it "determines that the information presented in the petition . . . and any response . . . shows that *there is a reasonable likelihood* that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition."<sup>12</sup> The PTAB takes the position that the PGR threshold is higher: "Comparing the two standards, the 'reasonable likelihood' standard is lower than the 'more likely than not' standard. The reasonable likelihood standard allows for the exercise of discretion but encompasses a 50/50 chance whereas the 'more likely than not' standard requires greater than a 50% chance of prevailing."<sup>13</sup>

At least in theory, the higher institution threshold for PGRs militates in favor of waiting and filing an IPR if there is concern about the strength of the evidence regarding invalidity. As a practical matter, however, this difference in institution thresholds may not be meaningful in many (if any) cases. The delta between "greater than a 50% chance of prevailing" and "50/50 chance" seems very small, and it is hard to imagine many arguments that are strong enough for purposes of instituting an IPR but not strong enough for purposes of instituting a PGR. Perhaps more important, many parties may be unlikely to attempt either procedure based solely on marginal evidence. The IPR filing fee is less than the PGR filing fee,<sup>14</sup> but both are significant, and total fees and costs through preparation and filing of a petition in either procedure could easily exceed \$100,000.

**More Bases for Challenge but Bigger Estoppel Scope**

In an IPR, a petitioner may only challenge a patent claim under 35 U.S.C. § 102 and/or § 103 (i.e., as anticipated by and/or obvious), and *only* based on prior art consisting of patents or printed publications.<sup>15</sup> In a PGR, a petitioner may challenge a patent claim based on *any* prior art under 35 U.S.C. § 102 and/or § 103.<sup>16</sup> A PGR petitioner may also challenge a patent claim, under 35 U.S.C. § 101, as directed to nonstatutory subject matter. As discussed below, however, there is some controversy in this regard. Finally, a PGR petitioner may challenge a patent claim under 35 U.S.C. § 112 for failing to meet the written description, enablement, definiteness, or other requirement of § 112.<sup>17</sup>



These added grounds for patent challenge are the biggest advantage of a PGR. This advantage comes at a price, however. A PGR petitioner may not assert in a civil action or in an International Trade Commission (ITC) proceeding that a claim reviewed in the PGR is invalid on any ground that the petitioner raised or reasonably could have raised during the PGR.<sup>18</sup> Although a similar estoppel provision applies to IPRs,<sup>19</sup> the “or reasonably could have raised” scope of estoppel becomes much more significant in the context of a PGR. In other words, losing a PGR as to a particular claim could prevent any further challenge to the validity of that claim in a district court or ITC proceeding.

There have been several legislative efforts to narrow the scope of PGR estoppel by amending 35 U.S.C. § 325(e) to eliminate the “or reasonably could have raised” component.<sup>20</sup> Whether such efforts will succeed, and if so when, remains anyone’s guess. A broad scope of estoppel will thus be the biggest drawback to use of PGR proceedings for at least the foreseeable future.

### **Challenges under 35 U.S.C. § 101**

The Supreme Court decision in *Alice Corp. v. CLS Bank International*<sup>21</sup> opened the floodgates for challenges to patent claims involving business activities. Under *Alice Corp.*, a claim is not patentable under 35 U.S.C. § 101 if it is directed to an “abstract idea” and if the claim elements “individually and as an ordered combination” fail to provide “an inventive concept.”<sup>22</sup> The analysis of *Alice Corp.*, which seems to conflate § 101 with patentability over the prior art, is troubling on several levels and worthy of multiple separate articles. Nevertheless, numerous parties have embraced *Alice Corp.* as a tool to attack patentability of claims implicating business activities.

Even before *Alice Corp.*, however, the PTAB was aggressively applying § 101 to business-related claims in CBMs. Although there had only been three CBM final written decision before *Alice Corp.* that involved patentability under § 101, no claims survived a § 101 challenge in any of those decisions. Out of all decisions on CBM petitions issued by the PTAB before *Alice Corp.* that addressed a claim challenge under § 101, approximately 90 percent instituted a trial based on § 101. Post-*Alice Corp.* and through January 1, 2015, that rate is approximately 88 percent. It seems likely that this high rate of trial institution will continue for § 101 challenges in PGRs, at least with regard to business-related claims.

The patent bar is eager for Federal Circuit decisions to help clarify application of *Alice Corp.* As indicated above, however, the PTAB has issued numerous decisions on CBM petitions that apply § 101 to a variety of claims. Many of those are post-*Alice Corp.* There have also been several post-*Alice Corp.* CBM final written decisions that found claims unpatentable under § 101.<sup>23</sup> Even pre-*Alice Corp.*, however, the PTAB often applied a § 101 analysis that looks remarkably like its post-*Alice Corp.* analysis.<sup>24</sup> At least with regard to proceedings before the PTAB, and until there is further guidance from the Federal Circuit, many of these pre – and post-*Alice Corp.* CBM decisions may be a fertile resource for parties wishing to challenge business-implicating patents on § 101 grounds.

The PTAB may also aggressively apply § 101 to claims that might not be considered business-related. For example, any claim that only involves a conventional computer that differs from other computers based on its programming is potentially vulnerable to a § 101 attack. As another example, the earlier

Supreme Court decision in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*<sup>25</sup> that found methods associated with medical treatment to be nonstatutory may result in § 101 challenges to other types of methods.

It is worth noting that the authority of the PTAB to determine patentability under § 101 is not universally accepted. Under 35 U.S.C. § 321(b), “[a] petitioner in a post-grant review may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of section 282(b) (relating to invalidity of the patent or any claim).” Paragraph (3) of 35 U.S.C. § 282(b) does not relate to § 101. Paragraph (2) only refers to “[i]nvalidity of the patent or any claim in suit on any ground specified in part II [of title 35] as a condition for patentability.” Although § 101 is contained within part II, the only sections of part II that include “condition for patentability” in the section title are § 102 and § 103.

This argument against PTAB authority to consider § 101 challenges has at least superficial appeal. After all, the statute says what it says. Not surprisingly, the PTAB disagrees and has relied on legislative history of the AIA and on several Supreme Court and Federal Circuit decisions indicating that § 101 is a condition for patentability.<sup>26</sup> Ultimately, the Federal Circuit will likely decide the issue. At least until then, however, the PTAB can be expected to continue its aggressive application of § 101.

### **Challenges under 35 U.S.C. § 102 and § 103**

As indicated above, an IPR petitioner may only challenge claim validity under 35 U.S.C. § 102 or § 103, and *only* based on prior art that qualifies as a patent or printed publication. There is no restriction to patents or printed publications in a PGR. This can make a huge difference. For example, a party may have evidence of prior public use or other activity that would qualify as prior art, but may lack evidence that would qualify as a printed publication or may have difficulty proving that a useful document is a printed publication under § 102.<sup>27</sup> Several CBMs have been instituted based on prior art other than patents or printed publications.<sup>28</sup> Indeed, one of the three filed PGRs (since terminated) asserted “on sale” activity as prior art.<sup>29</sup>

### **Challenges under 35 U.S.C. § 112**

The ability to present patentability challenges under 35 U.S.C. § 112 is certainly an advantage of PGRs relative to IPRs. For some types of cases, however, this advantage may not be as important as one might think. In the context of IPRs, there is a perception of the PTAB as eager to cancel claims as unpatentable under 35 U.S.C. § 102 or § 103. This article takes no position on the accuracy or fairness of that perception. At least with regard to grounds on which trials are instituted, however, CBM petition decisions suggest that challenges under 35 U.S.C. § 112 in a PGR may tend to be less successful than challenges under § 102 or § 103. Based on an informal review of CBM petition decisions through January 1, 2015, and out of all petitions that substantively addressed an alleged ground for patentability,<sup>30</sup> approximately 88 percent resulted in trial institution on at least one ground for at least one claim. If this is broken out by types of challenges, however, a different pattern emerges. Out of all CBM petition decisions that substantively addressed alleged unpatentability under 35 U.S.C. § 102 or § 103, approximately 70 percent resulted in institution of trial on at least one § 102 or § 103 ground. Out of all CBM petition decisions substantively addressing a § 112 challenge, however, approximately 36 percent resulted in

institution of trial on at least one § 112 ground. When it comes to final patentability determinations under § 112, it may be too soon to draw any conclusions. As of January 1, 2015, only four CBM final written decisions addressed patentability under § 112.<sup>31</sup> In each case, however, the PTAB found all of the claims as to which trial was instituted on § 112 grounds to be unpatentable under § 112.<sup>32</sup>

The most common challenges to patentability under § 112 are for lack of written description under § 112(a), lack of enablement under § 112(a), and indefiniteness under § 112(b). What follows are some observations about how the PTAB has treated these types of challenges thus far.

### *Written Description (35 U.S.C. § 112(a))*

The written description requirement, as summarized and applied by the PTAB, is as follows:

The written description requirement of 35 U.S.C. § 112, first paragraph, requires that “the disclosure of the application relied upon reasonably convey[] to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.” *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010). One shows “possession” by descriptive means such as words, structures, figures, diagrams, and formulas that set forth fully the claimed invention. *Lockwood v. American Airlines, Inc.*, 107 F.3d 1565, 1572 (Fed. Cir. 1997). . . . “One shows that one is ‘in possession’ of *the invention* by describing *the invention*, with all its claimed limitations, not that which makes it obvious.” *Id.*<sup>33</sup>

In several CBM petition decisions, the PTAB has instituted trials based on lack of written description.<sup>34</sup> In each those cases, the specification and/or drawings failed to include explicit recitations of the relevant limitations, and the patent owner was unable to convince the PTAB that possession of the relevant feature would have been understood from the specification and/or drawings. In many other cases, however, the PTAB has refused to institute a trial on the ground that claims lacked written description support.

PTAB treatment of claims challenged for insufficient written description has thus far not seemed to be any more or less harsh than might be expected in other forums. The PTAB will not require that limitations appear *in haec verba* in the specification,<sup>35</sup> and a successful written description argument will require more than hand waving or broad assertions by an expert. The PTAB will want to know what a person of ordinary skill in the art would have understood from the original disclosure, i.e., the original specification (including the claims) and drawings.<sup>36</sup> If that person of ordinary skill in the art would have understood some particular feature to be disclosed or not disclosed, the PTAB will likely expect specific citations to the description and/or drawings providing that understanding. If inferences must be drawn, the PTAB will likely want a reasoned explanation why such inferences are appropriate. If knowledge in art must be relied upon, evidentiary support for that knowledge may be helpful.

Similar patterns can be seen in IPR final written decisions. Although an IPR petitioner may not raise 35 U.S.C. § 112 regarding existing claims, the petitioner can raise § 112 challenges with regard to proposed amendment claims. The PTAB has thus far refused addition of most proposed amended claims based on prior art grounds. Even in such cases, however, the PTAB often does find there to be sufficient written description for the proposed claim.<sup>37</sup>

### *Enablement (35 U.S.C. § 112(a))*

The enablement requirement, as summarized and applied by the PTAB, is as follows:

[A] patent specification “must describe the manner and process of making and using the invention so as to enable a person of skill in the art to make and use the full scope of the invention without undue experimentation.” *LizardTech, Inc. v. Earth Res. Mapping, Inc.*, 424 F.3d 1336, 1344–45 (Fed. Cir. 2005) (citations omitted). “The key word is ‘undue,’ not ‘experimentation.’” *In re Wands*, [858 F.2d 731, 737 (Fed. Cir. 1988)].<sup>38</sup>

When it comes to enablement, the PTAB will require a thorough explanation of any alleged shortcomings in the disclosure of the specification and drawings, together with an explanation of why any experimentation needed to practice the invention based on that disclosure would be “undue.” Determining whether experimentation is “undue” requires consideration of the so-called *Wands* factors:

(1) the quantity of experimentation necessary, (2) the amount of direction or guidance presented, (3) the presence or absence of working examples, (4) the nature of the invention, (5) the state of the prior art, (6) the relative skill of those in the art, (7) the predictability or unpredictability of the art, and (8) the breadth of the claims.<sup>39</sup>

In numerous cases, the PTAB has cited a failure to provide the required *Wands* analysis when denying institution of trial based on lack of enablement.<sup>40</sup>

### *Definiteness (35 U.S.C. §112(b))*

Under 35 U.S.C. § 112(b), a claim must particularly point out and distinctly claim the subject matter that the inventor or a joint inventor regards as the invention. This is also known as the “definiteness” requirement. In its 2014 *Nautilus, Inc. v. Biosig Instruments, Inc.* decision, the Supreme Court stated that “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.”<sup>41</sup> Before and after *Nautilus*, the PTAB has instituted CBM trials on the ground that claims are indefinite.<sup>42</sup>

So far, the PTAB has in general been no more or less stringent than most other evaluators of claim definiteness. For example, the PTAB is unlikely to confuse broad claim scope with indefiniteness.<sup>43</sup> The PTAB will not impose extreme requirements for precision,<sup>44</sup> but it may find a claim indefinite if there is no way to determine a reasonable bound for a particular limitation.<sup>45</sup>

The USPTO does consider *Nautilus* to have established higher standards for claim clarity.<sup>46</sup> Whether this will actually translate into noticeably tougher application of § 112(b) remains to be seen. In post-*Nautilus* IPR final written decisions, two PTAB panels applied common sense analyses of claims relative to specifications when rejecting indefiniteness challenges to proposed amended claims.<sup>47</sup> Although this is hardly conclusive, it does not suggest that the PTAB will start requiring hyperprecise claims.

There is one type of indefiniteness that has received significant attention from the PTAB. In a number of cases, potential indefiniteness has stemmed from a failure of the specification and/or drawings to provide an algorithm in connection with a means-plus-function claim limitation. Under 35 U.S.C. § 112(f), a claim element may be expressed as a means for performing a specified function and need not recite explicit structure to perform that function. The claim limitation will then be construed to cover the corresponding structure described in the specification, and equivalents of such structure. If there is no corresponding structure in the specification or drawings, the claim is indefinite under § 112(b).<sup>48</sup> In the context of an invention implemented using a conventional computer having specialized programming, the corresponding “structure” in the specification must include an algorithm to perform the recited function.<sup>49</sup> If there is no algorithm disclosed, the claim is thus indefinite. In several cases, the PTAB has instituted CBM trials based on a failure of the specification to disclose an algorithm corresponding to a mean-plus-function element.<sup>50</sup>

### Discovery

Some discovery is available in both IPRs and PGRs. Depositions of persons submitting declarations are routine in IPRs and CBMs (and can thus be expected in PGRs), but most other discovery requires agreement of the parties or PTAB approval. Such approval is not easily obtained. Although discovery in both IPRs and PGRs is much more limited than what is available in district court litigation, it may be slightly less limited in PGRs. Under 35 U.S.C. § 316(a)(5), IPR discovery (other than deposition of witnesses submitting affidavits or declarations) is limited to “what is otherwise necessary in the interest of justice.” Under 35 U.S.C. § 326(a)(5), PGR discovery is “limited to evidence directly related to factual assertions advanced by either party in the proceeding.” IPRs, PGRs, and CBMs are subject to 37 C.F.R. § 42.51, section (b)(1) of which states that depositions of persons submitting declarations is part of routine discovery. Under, § 42.51(b)(2), however, a party moving for additional discovery “must show that such additional discovery is in the interests of justice, except in post-grant reviews where additional discovery is limited to evidence directly related to factual assertions advanced by either party in the proceeding.” Under 37 C.F.R. § 42.224(a), which applies to PGRs and CBMs, “[r]equests for additional discovery may be granted upon a showing of good cause as to why the discovery is needed.”

The PTAB has stated that

the interests of justice standard [applicable to IPRs] is a slightly higher standard than the good cause standard [applicable to PGRs and CBMs], to reflect that the scope of issues which could be raised by a petitioner in an *inter partes* review is limited to grounds based on patents or printed publications.<sup>51</sup>

In both IPRs and PGRs, the mere possibility of finding something useful is insufficient.<sup>52</sup> In an IPR, “[t]he party requesting discovery should already be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered.”<sup>53</sup> In a PGR, “[u]seful’ means favorable in substantive value to a contention of the party moving for discovery. A good cause showing requires the moving party to provide a specific factual reason for expecting reasonably that the discovery will be ‘useful.’”<sup>54</sup>



## Conclusion

For cases in which CBM review is not available, PGRs will expand the bases on which patent claims may be challenged before the PTAB. As the number of patents eligible for PGR continues to grow, PGRs will likely be used with greater frequency. The time window within which a PGR may be filed is relatively narrow, but in appropriate cases the additional grounds for patentability challenge available in a PGR may make the proceeding a potentially powerful tool. n

## Endnotes

1. Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284 (Sept. 16, 2011).
2. See *AIA Trial Statistics*, USPTO.GOV, [http://www.uspto.gov/ip/boards/bpai/stats/aia\\_trial\\_statistics.jsp](http://www.uspto.gov/ip/boards/bpai/stats/aia_trial_statistics.jsp) (follow “AIA Progress Statistics – Graphical View and Subsets” hyperlink) (last modified Jan. 2, 2015).
3. See 35 U.S.C. § 321 note; AIA §§ 3(n)(1), 6(f)(2).
4. See PAT. REV. PROCESSING SYS., <https://ptabtrials.uspto.gov> (last visited Jan. 8, 2015). The parties in two other PGR proceedings settled and filed joint motions to terminate the proceedings, which the PTAB granted. The first, PGR2014-00008, pertained to U.S. Patent No. 8,684,420, which issued from an application filed on July 26, 2013. The second, PGR2014-00010 pertained to U.S. Patent No. 8,598,219, which issued from an application filed on May 23, 2013.
5. AIA § 18(a)(1).
6. *Id.* § 18(d)(1).
7. *Id.* § 18(a)(1)(B).
8. The AIA amended 35 U.S.C. § 112 to redesignate six paragraphs as subsections (a) through (f). The first paragraph of pre-AIA § 112 corresponds to post-AIA § 112(a), the second paragraph of pre-AIA § 112 corresponds to post-AIA § 112(b), etc. The pre – and post-AIA versions are otherwise generally the same for purposes relevant to this article. For convenience, and because the post-AIA version of § 112 will apply to PGRs, specific parts of § 112 are referenced herein by the post-AIA section letters. For IPRs and CBMs, and depending on the patent in question, either the pre – or post-AIA version of § 112 could apply.
9. 35 U.S.C. § 325(a)(1).
10. *Id.* § 325(a)(3).
11. *Id.* § 324(a) (emphasis added).
12. *Id.* § 314(a) (emphasis added).
13. *Message from Chief Judge James Donald Smith, Board of Patent Appeals and Interferences: USPTO Discusses Key Aspects of New Administrative Patent Trials*, USPTO.GOV, [http://www.uspto.gov/aia\\_implementation/smith-blog-extravaganza.jsp#heading-1](http://www.uspto.gov/aia_implementation/smith-blog-extravaganza.jsp#heading-1) (last modified May 21, 2012).
14. As of January 2015, fees due under 37 C.F.R. § 42.15(a) at the time of filing an IPR request for up to 15 claims total \$23,000. Fees due under 37 C.F.R. § 42.15(b) at the time of filing a PGR request for up to 15 claims total \$30,000.
15. 35 U.S.C. § 311(b). In theory, a patent owner can amend claims in an IPR, a PGR, or a CBM. A petitioner may then challenge a proposed amended claim on bases in addition to §§ 102 and/or 103, even in an IPR. In practice, amending claims in an IPR has proven exceedingly difficult.
16. *Id.* § 321(b).

17. *Id.*
18. *Id.* § 325(e)(2). The estoppel attaches when there is a final written decision in the PGR.
19. *Id.* § 315(e)(2).
20. American Renaissance in Manufacturing Act, H.R. 5360, 113th Cong. § 3308(a) (2014); Patent Transparency and Improvements Act of 2013, S. 1720, 113th Cong. § 7(a) (2013); Innovation Act, H.R. 3309, 113th Cong. § 9(a) (2013).
21. 134 S. Ct. 2347 (2014).
22. *Id.* at 2355.
23. See *SAP Am., Inc. v. Arunachalam*, No. CBM2013-00013 (P.T.A.B. Sept. 18, 2014), Paper No. 61; *Salesforce.com, Inc. v. VirtualAgility, Inc.*, No. CBM2013-00024 (P.T.A.B. Sept. 16, 2014), Paper No. 47; *U.S. Bancorp v. Ret. Capital Access Mgmt. Co.*, No. CBM2013-00014 (P.T.A.B. Aug. 22, 2014), Paper No. 33.
24. See, e.g., Decision [on] Institution of Covered Business Method Patent Review, *U.S. Bancorp.*, No. CBM2013-00014 (P.T.A.B. Sept. 20, 2013), Paper No. 12.
25. 132 S. Ct. 1289 (2012).
26. See, e.g., *U.S. Bancorp*, No. CBM2013-00014, Paper No. 33, at 9–10; Brief for the Intervenor—Director of the United States Patent and Trademark Office at 31–33, *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, No. 14-1194 (Fed. Cir. May 1, 2014).
27. See Decision Denying Institution of *Inter Partes* Review, *A.R.M., Inc. v. Cottingham Agencies Ltd.*, No. IPR2014-00671 (P.T.A.B. Oct. 3, 2014), Paper No. 10.
28. See, e.g., Decision [on] Institution of Covered Business Method Patent Review, *GTNX, Inc. v. INTTRA, Inc.*, No. CBM2014-00072 (P.T.A.B. Aug. 12, 2014), Paper No. 8; Decision [on] Institution of Covered Business Method Patent Review, *Search Am., Inc. v. TransUnion Intelligence, LLC*, No. CBM2013-00038 (P.T.A.B. Feb. 7, 2014), Paper No. 15 [hereinafter *Search Am. CBM2013-00038 Institution Decision*].
29. Petition for Post-Grant Review of U.S. Patent No. 8,684,420 at 50–56, No. PGR2014-00008, (P.T.A.B. Aug. 5, 2014), Paper No. 1.
30. Excluded from the category “petitions that substantively addressed an alleged ground for patentability” are petitions where the petition was denied based on reasons that did not address the substance of the challenge. Examples include cases where the challenged patent was not found to be a covered business method patent and cases where asserted art was not shown to be prior art.
31. *Metavante Corp. v. Cashedge, Inc.*, No. CBM2013-00028 (P.T.A.B. Dec. 22, 2014), Paper No. 49; *Groupon, Inc. v. Blue Calypso, LLC*, No. CBM2013-00035 (P.T.A.B. Dec. 17, 2014), Paper No. 45; *Chicago Mercantile Exchange, Inc. v. 5th Market, Inc.*, No. CBM2013-00027 (P.T.A.B. Dec. 17, 2014), Paper No. 33; *SAP Am., Inc. v. Arunachalam*, No. CBM2013-00013 (P.T.A.B. Sept. 18, 2014), Paper No. 61.
32. *Metavante Corp.*, No. CBM2013-00028, Paper No. 49, at 2, 14-19; *Groupon, Inc.*, No. CBM2013-00035, Paper No. 45, at 2, 34-39, 41; *Chicago Mercantile Exchange, Inc.*, No. CBM2013-00027, Paper No. 33, at 12, 20-22, 55-56; *SAP Am., Inc.*, No. CBM2013-00013, Paper No. 61, at 2, 18–20, 29.
33. Decision [on] Institution of Covered Business Method Patent Review at 22–23, *Apple Inc. v. SightSound Techs., LLC*, No. CBM2013-00019 (P.T.A.B. Oct. 8, 2013), Paper No. 17 [hereinafter *SightSound CBM Institution Decision*] (alteration in original).

34. See Decision [on] Institution of Covered Business Method Patent Review, *Monster Worldwide, Inc. v. Career Destination Dev., LLC*, No. CBM2014-00070 (P.T.A.B. Aug. 20, 2014), Paper No. 12; Decision [on] Institution of Covered Business Method Patent Review, *MotionPoint Corp. v. TransPerfect Global, Inc.*, No. CBM2014-00060 (P.T.A.B. July 23, 2014), Paper No. 8 [hereinafter *MotionPoint CBM Institution Decision*]; Decision [on] Institution of Covered Business Method Patent Review, *Fid. Nat'l Info. Servs., Inc. v. DataTreasury Corp.*, No. CBM2014-00021 (P.T.A.B. Apr. 29, 2014), Paper No. 14; Decision [on] Institution of Covered Business Method Patent Review, *Google Inc. v. Unwired Planet, LLC*, No. CBM2014-00006 (P.T.A.B. Apr. 8, 2014), Paper No. 11; Decision [on] Institution of Covered Business Method Patent Review, *Google Inc. v. Unwired Planet, LLC*, No. CBM2014-00005 (P.T.A.B. Apr. 8, 2014), Paper No. 10; Decision [on] Institution of Covered Business Method Patent Review, *Fid. Nat'l Info. Servs., Inc. v. Cashedge, Inc.*, No. CBM2013-00028 (P.T.A.B. Dec. 23, 2013), Paper No. 15.

35. See, e.g., Decision [on] Institution of Covered Business Method Patent Review at 21, *Stewart Title Guar. Co. v. Segin Software, LLC*, No. CBM2014-00051 (P.T.A.B. July 8, 2014), Paper No. 13 [hereinafter *Stewart Title CBM Institution Decision*].

36. See Decision [on] Institution of Covered Business Method Patent Review at 19–20, *Google Inc. v. Inventor Holdings, LLC*, No. CBM2014-00002 (P.T.A.B. Apr. 1, 2014), Paper No. 16 [hereinafter *Inventor Holdings CBM Institution Decision*]; *SightSound CBM Institution Decision*, *supra* note 33, at 25–28; Decision [on] Institution of Covered Business Method Patent Review at 13–15, *CRS Advanced Techs., Inc. v. Frontline Techs., Inc.*, No. CBM2012-00005 (P.T.A.B. Jan. 23, 2013), Paper No. 17.

37. See, e.g., *LaRose Indus., LLC v. Capriola Corp.*, No. IPR2013-00120, at 20–30 (P.T.A.B. June 26, 2014), Paper No. 37; *Adidas AG v. Nike, Inc.*, No. IPR2013-00067, at 27–31 (P.T.A.B. Apr. 28, 2014), Paper No. 60; *Idle Free Sys., Inc. v. Bergstrom, Inc.*, No. IPR2012-00027, at 28–31 (P.T.A.B. Jan. 7, 2014), Paper No. 66.

38. Decision [on] Institution of Covered Business Method Patent Review at 26–27, *eBay, Inc. v. PAID, Inc.*, No. CBM2014-00126 (P.T.A.B. Sept. 30, 2014), Paper No. 15 [hereinafter *eBay CMB2014-00126 Institution Decision*].

39. *In re Wands*, 858 F.2d 731, 737 (Fed. Cir. 1988).

40. See Decision [on] Institution of Covered Business Method Patent Review at 28–29, *eBay, Inc. v. PAID, Inc.*, No. CBM2014-00128 (P.T.A.B. Sept. 30, 2014), Paper No. 15; *eBay CMB2014-00126 Institution Decision*, *supra* note 38, at 26–27; Decision [on] Institution of Covered Business Method Patent Review at 26–27, *eBay, Inc. v. PAID, Inc.*, No. CBM2014-00125 (P.T.A.B. Sept. 30, 2014), Paper No. 15; *MotionPoint CBM Institution Decision*, *supra* note 34, at 18–19; *Search Am. CBM2013-00038 Institution Decision*, *supra* note 28, at 19–20; Decision [on] Institution of Covered Business Method Patent Review at 21, *Search Am., Inc. v. TransUnion Intelligence, LLC*, No. CBM2013-00037 (P.T.A.B. Feb. 7, 2014), Paper No. 18.

41. 134 S. Ct. 2120, 2124 (2014).

42. The pre-*Nautilus* indefiniteness standard applied by the PTAB was similar to the post-*Nautilus* standard: “The test for whether a claim meets the definiteness requirement is whether a person of ordinary skill in the art would have understood the scope of the claim when read in light of the specification. *Exxon Research & Eng'g Co. v. United States*, 265 F.3d 1371, 1375 (Fed. Cir. 2001).” See *Inventor Holdings CBM Institution Decision*, *supra* note 36, at 18. The main difference is the addition of the phrase “reasonable certainty” in the current standard. Although pre-*Nautilus* cases may be slightly less reliable than post-*Nautilus* cases for purposes of citation in a PTAB filing, they are still helpful to understand how the PTAB may deal with indefiniteness in PGRs.



43. *See, e.g.*, Decision Denying Institution of Covered Business Method Patent Review at 16–17, *Hulu, LLC v. Intertainer, Inc.*, No. CBM2014-00053 (P.T.A.B. June 23, 2014), Paper No. 11; Decision [on] Institution of Covered Business Method Patent Review at 23, *Bloomberg Inc. v. Markets-Alert Pty Ltd.*, No. CBM2013-00005 (P.T.A.B. Mar. 29, 2013), Paper No. 18.

44. *See, e.g.*, Stewart Title CBM Institution Decision, *supra* note 35, at 25–28; Decision Denying Institution of Covered Business Method Patent Review at 9–11, *MasterCard Int’l Inc. v. D’Agostino*, No. CBM2013-00057 (P.T.A.B. Mar. 7, 2014), Paper No. 9.

45. Decision [on] Institution of Covered Business Method Patent Review at 13, *Google Inc. v. Unwired Planet, LLC*, No. CBM2014-00004 (P.T.A.B. Apr. 8, 2014), Paper No. 8.

46. Michelle K. Lee, Deputy Under Sec’y of Commerce for IP & USPTO Deputy Dir., Address at Stanford Law School: Speaking Truth to Patents: The Case for a Better Patent System (June 26, 2014), [http://www.uspto.gov/news/speeches/2014/lee\\_stanford.jsp](http://www.uspto.gov/news/speeches/2014/lee_stanford.jsp).

47. *See* *Zodiac Pool Sys., Inc. v. Aqua Prods., Inc.*, No. IPR2013-00159, at 42–45 (P.T.A.B. Aug. 22, 2014), Paper No. 71; *LaRose Indus., LLC v. Capriola Corp.*, No. IPR2013-00120, at 30–34 (P.T.A.B. June 26, 2014), Paper No. 37.

48. *Aristocrat Techs. Austral. Pty Ltd. v. Int’l Game Tech.*, 521 F.3d 1328, 1331 (Fed. Cir. 2008).

49. *Id.* at 1333.

50. *See* MotionPoint CBM Institution Decision, *supra* note 34, at 26–27; Decision [on] Institution of Covered Business Method Patent Review at 17–22, *eBay Enter., Inc. v. Lockwood*, No. CBM2014-00025 (P.T.A.B. May 20, 2014), Paper No. 24; Decision [on] Institution of Covered Business Method Patent Review at 19–24, *eBay Enter., Inc. v. Lockwood*, No. CBM2014-00026 (P.T.A.B. May 15, 2014), Paper No. 25; Decision [on] Institution of Covered Business Method Patent Review at 26–27, *Chi. Mercantile Exch., Inc. v. 5th Mkt., Inc.*, No. CBM2013-00027 (P.T.A.B. Dec. 18, 2013), Paper No. 9.

51. Decision [on] Motion for Additional Discovery at 3, *Bloomberg Inc. v. Markets-Alert Pty Ltd.*, No. CBM2013-00005 (P.T.A.B. May 29, 2013), Paper No. 32 [hereinafter *Bloomberg Discovery Decision*].

52. *Id.* at 5; Decision on Motion for Additional Discovery at 6, *Garmin Int’l, Inc. v. Cuozzo Speed Techs. LLC*, No. IPR2012-00001 (P.T.A.B. Mar. 5, 2013), Paper No. 26 [hereinafter *Garmin Discovery Decision*].

53. *Garmin Discovery Decision*, *supra* note 52, at 6.

54. *Bloomberg Discovery Decision*, *supra* note 51, at 5.



**POSITA Motivated to Pursue Clinical  
Development of Therapy Disclosed  
in Prior Art Despite Potential Safety  
and Efficacy Hurdles**

**Robert H. Resis**

***Banner & Witcoff PTAB Highlights***

***March 6, 2015***

BANNER&WITCOFF

# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

[bannerwitcoff.com](http://bannerwitcoff.com)

## POSITA Motivated to Pursue Clinical Development of Therapy Disclosed in Prior Art Despite Potential Safety and Efficacy Hurdles

By [Robert H. Resis](#)

March 6, 2015 – The PTAB recently held that the challenged claims in two patents assigned to Genzyme and one patent assigned to Duke University on methods for treating Pompe disease are invalid.

[IPR2013-00534 – BioMarin Pharmaceutical Inc. v. Genzyme Therapeutic Products Limited Partnership \(review of U.S. 7,351,410\)](#)

[IPR2013-00537 – BioMarin Pharmaceutical Inc. v. Genzyme Therapeutic Products Limited Partnership \(review of U.S. 7,655,226\)](#)

[IPR2013-00535 – BioMarin Pharmaceutical Inc. v. Duke University \(review of U.S. 7,056,712\)](#)

In the Genzyme decisions, the PTAB noted that Genzyme did not contend that the combination of references failed to address each element of claim 1. Rather, Genzyme contended that a person of ordinary skill in the art (POSITA) would not have had a reasonable expectation of success for a method of treating a human patient with Pompe disease using the claimed enzyme (GAA) biweekly to reduce and/or arrest further accumulation of glycogen in the skeletal muscle of a human patient. Notwithstanding the Board’s recognition that such a combination of references could introduce safety and efficacy hurdles, the Board disagreed with Genzyme and held that a POSITA would have been motivated to combine the references.

Specifically, in IPR2013-00534, the PTAB found that the record did not contain any evidence that human clinical trials were initiated before the priority date of the ‘410 patent. The PTAB stated that a POSITA could not have predicted with absolute certainty that a safe and effective dosing regimen for using GAA in a method of treating Pompe disease could have been achieved.

The PTAB found that a POSITA would have understood that to treat Pompe disease effectively using GAA, sufficient quantities of enzyme would have to reach the patient’s muscle cells, which could potentially require high doses that could introduce safety and efficacy hurdles resolvable only with human clinical trials. Despite this recognized difficulty, however, the PTAB held that a POSITA would have been motivated to pursue the clinical development of the therapy disclosed in one reference (Reuser et al., WO/97/05771), which disclosed all of the claim limitations except for a biweekly dosing schedule for the disclosed therapeutic containing GAA. The PTAB held that the evidence established that the selection of the dose and dosing schedule would have been a routine optimization of the therapy outlined in Reuser, which would have been achievable through the use of standard clinical procedures. The PTAB held that the motivation to optimize the therapy disclosed in Reuser “flows from the ‘normal desire of scientists or artisans to improve upon what is already generally known.’”

Similarly, in IPR2013-00537 the PTAB held that a POSITA would have had a reasonable expectation of success at the time the invention was made; all that remained was the execution of human clinical trials (arguably “routine” to a POSITA, to verify the expectation that a specific dosage – within a previously suggested dosage range – and corresponding dosage regimen would have been safe and effective).

In IPR2013-00535, the PTAB held that a prior art patent (van Bree et al., U.S. 7,351,410) anticipated the challenged claims of the ‘712 patent. Separately, the PTAB held that the challenged claims would have been obvious over Reuser in view of other prior art. The PTAB held that a showing of obviousness in this case did not require *in vivo* data as “proof” that an otherwise clear statement in Reuser was correct, when it was reasonably based on *in vitro* studies and other information discussed in the reference.

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board’s significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of PTAB Highlights.



**Use Wayback Machine with Caution:  
PTAB Excludes Website Printouts  
from Wayback Machine**

**Craig W. Kronenthal**

***Banner & Witcoff PTAB Highlights***

***March 26, 2015***

BANNER&WITCOFF

# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

[bannerwitcoff.com](http://bannerwitcoff.com)

## Use Wayback Machine with Caution: PTAB Excludes Website Printouts from Wayback Machine

By [Craig W. Kronenthal](#)

March 26, 2015 — In a decision on the patent owner’s motion to exclude evidence, the PTAB excluded certain website printouts from the Wayback Machine as lacking authentication.

[IPR2013-00578 – \*Neste Oil Oyj v. REG Synthetic Fuels, LLC\* \(Paper 53, March 12, 2015\)](#)

The petitioner filed a petition requesting *inter partes* review of a patent based in part on a reference that the petitioner alleged was a prior art printed publication. The patent owner served objections on the petitioner contending that the reference had not been qualified as prior art because the publication date had not been established. In response to the objection, the petitioner submitted a declaration, with the petitioner’s counsel as the declarant, accompanied by printouts of websites obtained from the Internet Archive, commonly referred to as the “Wayback Machine.” The Wayback Machine caches webpages obtained by a web crawler that crawls the Internet. Upon providing the Wayback Machine with a web address (e.g., a URL), the Wayback Machine may return an image of a webpage corresponding to the web address that was captured by the web crawler on a particular date.

In the instant case, the declarant used the Wayback Machine to obtain printouts of websites evidencing that the relied upon reference qualifies as prior art. The patent owner subsequently filed a Motion to Exclude the Wayback Machine printouts on the basis that they were not authenticated. The patent owner argued that the declarant, who submitted the Wayback Machine printouts, did not have personal knowledge of their contents. Meanwhile, the petitioner argued that the declarant relied on her personal knowledge of the retrieval of the Wayback Machine printouts.

The Board noted that authentication of an item of evidence requires that “the proponent must produce evidence sufficient to support a finding that the item is what the proponent claims it is.” Federal Rules of Evidence 901(a). The Board stated that “[w]hen offering a printout of a webpage into evidence to prove the website’s contents, the proponent of the evidence must authenticate the information from the website itself, not merely the printout.” As an example, the Board explained that a statement from a person with knowledge of the website, such as a web master, would be sufficient to authenticate the Wayback Machine printouts. In the instant case, however, the Board found that the declarant did not have the personal knowledge of the websites depicted in the Wayback Machine printouts. Thus, the Board concluded that the Wayback Machine printouts lacked authentication and granted the patent owner’s motion to exclude them.

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board’s significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of PTAB Highlights.



**Benefits of Showing Discovery as  
"Routine" Instead of "Additional"**

**H. Wayne Porter**

***Banner & Witcoff PTAB Highlights***

***April 14, 2015***



BANNER&WITCOFF

# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

[bannerwitcoff.com](http://bannerwitcoff.com)

## Benefits of Showing Discovery as “Routine” Instead of “Additional”

By H. Wayne Porter

April 14, 2015 — The PTAB issued an order granting in part a request for discovery by an IPR petitioner.

[IPR2014-00727 - C&D Zodiac, Inc. v. B/E Aerospace, Inc. \(Paper 37\)](#)

Certain types of “routine” discovery are available in a trial proceeding before the PTAB. Under 37 C.F.R. § 42.51(b)(1), routine discovery includes (i) any paper or exhibit cited in a paper or in testimony, (ii) cross-examination (deposition) of witnesses providing affidavits, and (iii) relevant information that is inconsistent with a position advanced by a party. Routine discovery is intended to be self-executing, and all parties have the burden to provide such discovery.<sup>i</sup> The rules provide that a party may move for “additional discovery” that includes other types of materials. In practice, however, it is very difficult to meet the high burden<sup>ii</sup> that the PTAB sets for obtaining additional discovery.

The petitioner in IPR2014-00727 was able to obtain substantial discovery — that the patent owner did not want to provide — by showing the discovery qualified as “routine.”<sup>iii</sup> The patent at issue in the IPR relates to aircraft enclosures for lavatories, closets, etc. having walls that are shaped to provide space for seats outside the enclosure.<sup>iv</sup>

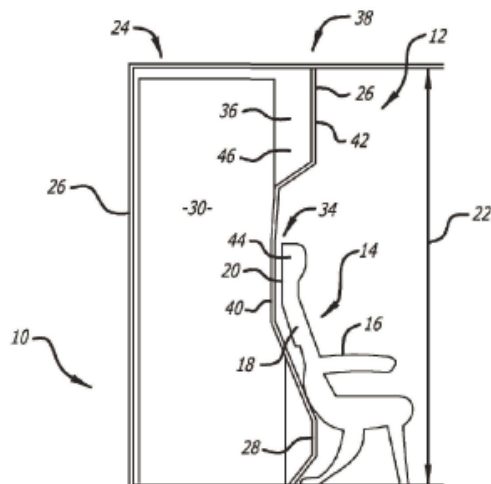


FIG. 2

In its [motion to compel discovery](#), the petitioner argued that the requested materials were inconsistent with a position the patent owner had advanced. In particular, the petitioner pointed to statements by the patent owner asserting that a person of ordinary skill in the art would not have applied previously-known recessed aircraft enclosure designs to the design of other enclosures.<sup>v</sup> With its motion to compel, the petitioner submitted evidence that a “KLM crew rest” design was based on a previous design of a recessed enclosure, together with evidence that the patent owner was aware of that KLM crew rest design.<sup>vi</sup>

The PTAB ordered the patent owner to produce, as [routine discovery](#), documents that concerned development of the KLM crew rest.<sup>vii</sup> The PTAB also ordered production of documents that concerned development of the invention and that referenced other enclosures having relevant features (e.g., a recessed wall). Because the petitioner was able to show the requested materials were inconsistent with a position advanced by the patent owner, and show that the patent owner knew of and likely had those materials, the petitioner was able to obtain discovery without meeting the substantially higher burden necessary to obtain “additional discovery.”

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board’s significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of PTAB Highlights.

---

<sup>i</sup> See “Message From Administrative Patent Judges Jacqueline Bonilla and Sheridan Snedden: Routine and Additional Discovery in AIA Trial Proceedings: What Is the Difference?” AIA Blog post, dated September 30, 2014 ([http://www.uspto.gov/blog/aia/entry/message\\_from\\_administrative\\_patent\\_judges](http://www.uspto.gov/blog/aia/entry/message_from_administrative_patent_judges)).

<sup>ii</sup> *Id.* See also IPR2012-00001, *Garmin Int'l Inc. et al. v. Cuozzo Speed Techs. LLC*, Paper 26, pages 3-7, including five factors when considering whether additional discovery in an IPR is “necessary in the interest of justice.”

<sup>iii</sup> Case IPR2014-00727, *C&D Zodiac, Inc. v. B/E Aerospace, Inc.* (IPR2014-00727), Paper 37.

<sup>iv</sup> IPR2014-00727, Decision Institution of *Inter Partes* Review, Paper 15, page 4.

<sup>v</sup> IPR2014-00727, Paper 34, pages 4-5.

<sup>vi</sup> *Id.*, pages 2-4; IPR2014-00727, Exhibits [1011](#) (Declaration of assigned project engineer for development of the KLM crew rest) and [1012](#) (rendering of the KLM crew rest).

<sup>vii</sup> IPR2014-00727, Paper 37, page 3.



**First IPR Design Patent Decision  
Affirmed by Federal Circuit**

**J. Pieter van Es**

***Banner & Witcoff PTAB Highlights***

***April 15, 2015***

BANNER&amp;WITCOFF

## PTAB HIGHLIGHTS

New developments in post-issuance proceedings

[bannerwitcoff.com](http://bannerwitcoff.com)

## First IPR Design Patent Decision Affirmed by Federal Circuit

By Pieter van Es

April 15, 2015 – In the first *inter partes* review of a design patent, the Federal Circuit affirmed the Patent Trial and Appeal Board’s final decision that the only claim was unpatentable. Design patent D617,465 on a drinking cup was the subject of three lawsuits and an *inter partes* reexamination.

In the IPR, IPR2013-0072, the PTAB found the claim obvious in view of prior art patents. The case hinged on a priority date issue. The PTAB found the ‘465 patent was not entitled to an earlier priority date due to a lack of written description of the claimed design in an earlier filed application. The patent owner conceded that its claim was not patentable over the prior art if it was denied the priority date.

The PTAB also denied the patent owner’s motion to amend the claim, ruling that the motion impermissibly sought to enlarge the claimed subject matter. The patent owner appealed on several grounds and the Federal Circuit [affirmed per curiam](#) under Rule 36.

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board’s significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



**A Slip of the Pen May Cost You Your  
IPR**

**Charles W. Shifley**

***IP Litigator***

***April 21, 2015***



MARCH/APRIL 2015  
VOLUME 21 NUMBER 2

DEVOTED TO  
INTELLECTUAL  
PROPERTY  
LITIGATION &  
ENFORCEMENT

*Edited by Gregory J. Battersby  
and Charles W. Grimes*

# IP *Litigator*





# US Patent and Trademark Office Practice

Charles W. Shifley

## A Slip of the Pen May Cost You Your IPR

The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the *inter partes* review (IPR), post grant review, and transitional program for covered business method patents that offer a less costly, streamlined alternative to district court litigation. The US Patent and Trademark Office's Patent Trial and Appeal Board (PTAB) conducts a large and increasing number of these proceedings, and the law is developing rapidly in this area. The fact is, the US Patent Office is getting *inter partes* review petitions by the boat load. [See, e.g., [http://www.uspto.gov/sites/default/files/documents/laia\\_statistics\\_02-19-2015.pdf](http://www.uspto.gov/sites/default/files/documents/laia_statistics_02-19-2015.pdf).] Some patent challengers are adding to the volume by filing numerous IPRs against a single patent. They use each IPR for a distinct set of claims. For example, Ford filed five IPRs against one patent, in IPR2015-00722, 758, 784, 785, 791. It may be that petitioners are finding the US Patent Office page lengths for IPRs too confining, but the volume of IPRs has the potential to overwhelm the PTAB. Indeed, the volume of IPR filings may be affecting the willingness of the PTAB to accept petitions, and its assessment of fact and law as it goes about accepting and rejecting petitions. A case in point is the petition in *Johnson Health Tech Co. Ltd. and Johnson Health Tech North America, Inc. v. Icon Health & Fitness, Inc.* [IPR2014-01242], where the PTAB

rejected the petition. The reason given for the rejection was the one-year bar for filing. The underlying reason, however, may have been an excusable slip of a pen, a slip that was not excused.

To refresh the reader, an IPR can be filed by a person sued for patent infringement only within one year of the date of service of the complaint. [35 U.S.C. § 315(b).] IPR rules have turned that deadline into a requirement that the petitioner must satisfy. They must certify that they are not barred or estopped from requesting the IPR. [37 C.F.R. § 42.104(a).] As stated in *Johnson Health Tech Co. v. Icon Health & Fitness, Inc.* [IPR2014-01242, Decision: Denying Institution of *Inter Partes* Review (PTAB February 11, 2015), the petitioner “bears the burden of showing compliance.”]

Two parties filed the “Johnson petition.” They were Johnson Health Tech Co. Ltd., and Johnson Health Tech North America, Inc. Call them “Johnson” and “North.” Johnson is the parent of North. [Id. at 2.] North had been sued more than a year before the date of the IPR petition. The PTAB resolved that North was barred from filing the petition.

But Johnson had not been sued. [Id.] The issue arose, however, that the bar of 35 U.S.C. § 315 extends not just to parties who are sued, but their privies. The PTAB, as a result, had a decision to make whether Johnson, the parent, was the privy of North, the subsidiary. Oddly, Johnson, as a petitioner, said little to support its standing as *not* North's privy. [Id. at 8.] The patent owner, in contrast, identified “myriad” facts. [Id.]

Myriad facts, however, did not become a part of the PTAB's decision that Johnson was a privy of North. Instead, the PTAB stated that Johnson and North shared a “close and significant business relationship,” and that North was “simply an intermediary” between Johnson and ultimate purchasers of accused products. [Id. at 8-9.] These facts may have been enough to justify dismissing the petition. The PTAB, continued, however, that after Johnson filed for a previous reexamination of the patent involved, North represented in the litigation that North had done the filing, and represented it so twice. [Id. at 9.] Those representations, the PTAB reasoned, showed that Johnson and North had “blurred sufficiently the lines of corporate separation” such that Johnson was concluded to exercise control, or could have exercised control, over the business matters of North. [Id.] That sealed the deal. The petition was denied.

Were the representations of North that it filed for reexamination when Johnson had actually done the filing a slip of the pen? No doubt. In the PTAB opinion, and probably in the representations, Johnson was designated “JHT” and North was designated “JHTNA.” Someone may have slipped up keeping track of acronyms. But the slip, nevertheless, may well have been the one thing that most cost Johnson its IPR.

---

*Charles W. Shifley is a principal shareholder at Banner & Witcoff, Ltd. in Chicago, IL. He has served as lead and co-counsel in numerous successful IP trials and appeals for Fortune 100 (and other) companies nationwide. Banner & Witcoff offers weekly summaries of the PTAB's significant decisions and subsequent appeals at the US Court of Appeals for the Federal Circuit.*





**No More Soup for You — PTAB Rejects  
Second IPR Petition Under 35 U.S.C.  
§ 325(d)**

**Robert H. Resis**

***Banner & Witcoff PTAB Highlights***

***May 6, 2015***

BANNER&WITCOFF

# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

[bannerwitcoff.com](http://bannerwitcoff.com)

## No More Soup For You – PTAB Rejects Second IPR Petition Under 35 U.S.C. § 325(d)

By [Robert H. Resis](#)

May 6, 2015 – The Patent Trial and Appeal Board recently denied an IPR petition under 35 U.S.C. § 325(d) because the petitioner’s arguments were substantially similar to those it made in an earlier IPR petition. Both petitions involved U.S. 7,429,827, which describes a solar powered light that produces light of varying color. The earlier IPR and the recent IPR cases are identified below.

*Jiawei Technology (HK) Ltd., et al. v. Simon Nicholas Richmond*, IPR2014-00938, Paper 20 (PTAB, Dec. 16, 2014) (*Jiawei I*) — held: IPR instituted for certain claims, including claim 30 (“obvious in view of Chliwnyj, Wu, and Lau”); IPR not instituted for all other grounds set forth in the petition, including alleged ground that claims 31-34 are obvious in view of Chliwnyj and Wu.

*Jiawei Technology (HK) Ltd., et al. v. Simon Nicholas Richmond*, IPR2015-00580, Paper 22 (PTAB, May 1, 2015) (*Jiawei II*) — held: IPR is not instituted on the alleged ground that claims 31-34 are obvious over Chliwnyj, Wu, and Lau.

In *Jiawei I*, the Board held that the petitioner had not shown a reasonable likelihood that claims 31-34 were unpatentable in view of Chliwnyj and Wu, but had shown a reasonable likelihood that claim 30, which depends from independent claim 27, is unpatentable in view of Chliwnyj, Wu, and Lau. The Board denied review of claims 31-34 because those claims included a limitation — “color changing cycle” — that the Board was unpersuaded was shown in Chliwnyj. The Board noted that the petitioner had not provided a claim construction of that limitation.

On January 16, 2015, one month after the Board’s decision in *Jiawei I*, the petitioner filed the petition for *Jiawei II* — this time providing proposed claim constructions for the limitation “color changing cycle” and alleging that claims 31-34 are unpatentable over Chliwnyj, Wu, and Lau. In *Jiawei II*, the Board began its analysis by reciting 35 U.S.C. § 325(d):

In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

The Board noted that the prior art presented in *Jiawei II* was presented in the earlier proceeding. The only difference was that the petitioner used the specific combination of references to argue in *Jiawei I* that claim 30, not claims 31-34, was unpatentable. There was no question that Chliwnyj, Wu, and Lau were available to the petitioner at the time of filing the earlier petition, and actually presented to the U.S. Patent and Trademark Office as prior art to the ‘827 patent.

The Board held that the petitioner’s arguments in *Jiawei II* were substantially similar to those made in *Jiawei I*, relying on Lau instead of Chliwnyj for the “color changing cycle” limitation but presenting a similar analysis for all other limitations of claims 31-34. The Board was persuaded to exercise its discretion under 35 U.S.C. § 325(d) to deny the petition because the same prior art and substantially the same arguments were presented previously to the Office. The Board further found that the proposed ground directed to claims 31-34 amounted to “a second bite at the apple,” noting that the petitioner was offering a claim construction that it could have offered in *Jiawei I*. The Board was unconvinced by the petitioner’s argument that the patent owner, in its preliminary response in *Jiawei I*, made statements “inconsistent” with its alleged prior position in district court and that the petitioner “could not have reasonably anticipated” this inconsistency.

First, the Board stated that, in general, a petitioner must propose those claim constructions necessary to support its burden of showing a reasonable likelihood of success (37 C.F.R. § 42.104(b)(3) — petition must state “[h]ow the challenged claim is to be construed”). Second, the Board noted that the claim construction standard in district court is different from the claim construction standard applied to unexpired patents in *inter partes* reviews. Lastly, the Board stated that there is a presumption against construing two different phrases in two claims to mean the same thing, and the petitioner provided no explanation in its petition in *Jiawei I* as to whether the presumption applies or does not apply in the context of claims 31-34. The Board stated that if the petitioner wished the Board to construe “color changing cycle” to mean “varying colour” in *Jiawei I* based on alleged statements or constructions made in another proceeding, then it should have discussed those statements or constructions and proposed a construction in *Jiawei I*. In view of the above, the Board denied the petition in *Jiawei II* under 35 U.S.C. § 325(d).

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board’s significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of PTAB Highlights.



**Challenging and Defending  
Obviousness at the PTAB**

**Bradley J. Van Pelt and  
Brittany M. Martinez**

***Banner & Witcoff IP Update***

***May 29, 2015***

## CHALLENGING AND DEFENDING OBVIOUSNESS AT THE PTAB



BY BRADLEY J. VAN PELT AND BRITTANY M. MARTINEZ

In the first two-and-a-half years of *inter partes* review (IPR) precedent, IPRs have proven to be an effective means of challenging the validity of a patent. More than 73 percent of claims originally challenged in IPR petitions have been either cancelled by the patent owner or found unpatentable by the Patent Trial and Appeal Board (PTAB) of the U.S. Patent and Trademark Office (USPTO).<sup>1</sup> Where the PTAB has granted petitions for IPRs, it jumps to more than 81 percent.<sup>2</sup> While the success rate of novelty challenges at the PTAB is slightly better than the district courts (37.5 percent in IPRs at the PTAB compared to 31.1 percent in the district courts), PTAB precedent, thus far, indicates that the PTAB is more likely to invalidate claims for obviousness than the district courts (57.6 percent in IPRs at the PTAB compared to 27.8 percent in district courts).<sup>3</sup> In view of the heightened success of obviousness cases in IPRs, how can patent holders best prepare for the issue of obviousness in IPRs and what can be learned by the invalidity challenges that have failed?

Citation of prior art during prosecution is not enough to avoid an IPR on the basis that the prior art was already considered by the examiner. While judges and juries are typically unwilling to invalidate claims based on prior art considered during prosecution, the PTAB has granted petitions for IPRs on the basis of prior art already considered by the examiner during prosecution. (See *Macauto U.S.A. v. BOS GmbH & KG*, IPR2012-00004, Paper 18 (Jan. 24, 2013) declining to reject a petition based upon the fact that particular arguments and

prior art were previously considered by the USPTO; *Illumina, Inc. v. Trs. of Columbia Univ. in the City of N.Y.*, IPR2012-00006, Paper 28 (Mar. 12, 2013) finding that the petitioner demonstrated a reasonable likelihood that certain claims would be invalidated in view of art considered during prosecution; and *LKQ Corp. v. Clearlamp, LLC*, IPR2013-00020, Paper 18 (Mar. 29, 2013) finding that the petitioner demonstrated a reasonable likelihood that the claims would be found obvious over prior art successfully traversed during prosecution). Therefore, simply citing the closest prior art during prosecution will not guarantee avoiding a later invalidity challenge at the PTAB on the basis of the same cited prior art.

In addition, the PTAB has seldom allowed patent holders to amend claims during IPRs, and, therefore, the ability to amend claims during an IPR is virtually nonexistent.<sup>4</sup> Moreover, in light of the recent affirmance of the PTAB's decision to deny amending of claims in *In re Cuozzo Speed Tech.*, amending claims during IPRs is likely to remain difficult. (See *Garmin Int'l Inc. v. Cuozzo Speed Tech.*, IPR2012-00001, Paper 59 (Nov. 13, 2013), aff'd in *In re Cuozzo Speed Tech.*, 2014-1301 (Fed. Cir. February 4, 2015) denying a motion to amend because the scope of the proposed substitute claim was not supported by any of the original claims).

Accordingly, during prosecution, practitioners should consider taking steps in addition to amending the claims or arguing the various features of the claims to overcome the particular references relied on by the examiner to reject the claims. Specifically, practitioners should also consider all prior art of record when developing a response strategy in prosecuting applications.

In particular, extensively review all prior art and its impact on the claims when drafting and prosecuting applications and how the prior art may be used later on in invalidity attacks against the claims. For example, in addition to amending the claims to overcome the prior art relied upon by the examiner, also file narrower claims that may be helpful in overcoming any other known prior art discovered during prosecution.

Moreover, prior to filing applications, applicants often conduct patentability searches to determine what is protectable in patent applications, which includes a search of the relevant prior art pertaining to an invention. With the successfulness of obviousness challenges at the PTAB, it becomes more important to thoroughly review these searches prior to application drafting to determine various routes to patentability. This includes preparing robust disclosures containing multiple embodiments and drafting claims of varying scope and degree.

As compared to district court litigation, IPR rules are skewed dramatically in the petitioner's favor. In an IPR, there is no presumption of validity, but rather petitioners need only satisfy a preponderance of the evidence standard, and claims are given their broadest reasonable interpretation. Further, the PTAB, comprised of patent practitioners with technical backgrounds, is not as likely as a judge or jury to defer to examiner conclusions. Once an IPR petition is filed, a patent owner must be prepared to attack any and all weaknesses of the petitioner's case.

The optional patent owner's preliminary response (POPR) can be an important tool to attack the petitioner's case and may help persuade the PTAB to deny petitions for IPRs. For example, patent holders should utilize POPRs to challenge any procedural deficiencies of IPR petitions (e.g., redundancy,

timing, etc.) and/or a specific deficiency in the prior art, combination of prior art or petitioner's characterization of prior art. (See *E.I. Du Pont De Nemours & Co. v. Monsanto Tech. LLC*, IPR2014-00331, paper 21 (July 11, 2014) finding convincing patent owner's argument that a particular claim element was missing from the prior art; *Lenroc Co. v. Enviro Tech Chemical Services, Inc.*, IPR2014-00382, paper 12 (July 24, 2014) finding dispositive patent owner's claim construction; and *Mylan Pharms. Inc. v. Gilead Scis., Inc.*, IPR2014-00885, Paper 15 (Dec. 9, 2014) finding convincing patent owner's argument that there was no motivation to combine references).

**“Extensively review all prior art and its impact on the claims when drafting and prosecuting applications and how the prior art may be used later on in invalidity attacks against the claims.”**

Additionally, although the PTAB has invalidated many claims on obviousness grounds, it still remains the petitioner's burden to establish a *prima facie* case of obviousness. Therefore, in the POPR, patent holders can highlight the areas of petitions where the petitioner has failed to establish a *prima facie* case of obviousness against the claims. (See *Lake Cable v. Windy City*, (IPR2013-00528, Paper. 11 at 29-31 (Feb. 19, 2014) denying petition for IPR brought on five different grounds of obviousness because the petitioner failed to show that the prior art taught all of the elements of the claims and/or the petitioner failed to explain why a person of ordinary skill in the art would have made the proposed modifications). Further, the PTAB has denied petitions for IPR where the petition only points out that all of the elements are

**MORE ▶**

[PTAB, FROM PAGE 15]

shown in the prior art. (See *id* at 24 opining that the “independent existence of [ ] elements in various prior art references does not, itself, demonstrate that the combination of such elements is obvious;”<sup>5</sup> see also *Nautique Boat Company, Inc. v. Malibu Boats, LLC*, IPR2014-01045 Paper. 13, at 14-15, 19 (Nov. 26, 2014) denying obviousness grounds because petitioner failed to identify any differences between the claimed invention and the prior art, thus failing to make a meaningful obviousness inquiry and because the reason to combine the elements was not made explicit).

**“In reviewing a petition for IPR, the PTAB’s job is not to determine whether the claims are patentable, but only whether the petitioner has satisfied its burden.”**

Petitioners attempting to institute an IPR on grounds of obviousness should not expect that the PTAB will connect the dots in determining whether to grant the petition for review. In reviewing a petition for IPR, the PTAB’s job is not to determine whether the claims are patentable, but only whether the petitioner has satisfied its burden. The PTAB will not embark on reviewing the references cited in detail to determine whether the claims at issue are obvious.<sup>6</sup> In *Fontaine Engineered Products, Inc. v. Raildecks*, (2009), Inc. IPR2013-00360, Paper 9 (Dec. 13, 2013), the PTAB refused a petition for IPR brought on obviousness grounds because the petitioner’s claim charts only cited to disclosure of the alleged invalidating reference without any accompanying explanation or argument as to why the reference discloses or teaches the recited “first brace(s).”<sup>7</sup> Additionally, petitioners must explicitly identify where every limitation of the claims is located in the prior art. (See *CB Distributors, Inc.*

*v. Fontem Holdings 1 B.V.*, IPR2013-00387, Paper 43 at 30-31 (Dec. 24, 2014) finding that claim 11 is not obvious in view of the asserted prior art because the petitioner did not “contend or point us to where Hon ’494 discloses or suggests a restriction component ‘detachably set on one end’ of the porous component.”)

In addition, petitioners cannot rely on conclusory statements without more to establish obviousness and must explain why a person of ordinary skill in the art would make the alleged combination. (See *Scotts Company LLC v. Encap* IPR2013-00491, Paper 9 (Feb. 5, 2014) denying a petition to institute an IPR because the petitioner relied on “conclusory statements, without any substantiating evidence (e.g., expert declaration), as to why a person of ordinary skill in the art would have combined the teachings ....”<sup>8</sup> Also in *Zimmer Holdings, Inc. v. Bonutti Skeletal Innovations LLC*, IPR2014-01078, Paper 17 (Oct. 30, 2014), the PTAB denied a petition to institute an IPR on obviousness grounds on a patent pertaining to knee implants and knee implant surgery because the references asserted provided substantially different structures and functions from each other, and the obvious rationale was not supported “by adequate articulated reasoning with rational underpinning.”<sup>9</sup>

Petitioners should always include expert testimony in petitions for IPR. (See *Excelsior Medical Corp. v. Lake*, IPR2013-00494, Paper 10 at 8 (Feb. 6, 2014) denying petition for IPR on obviousness grounds because the petitioner did not provide any objective evidence that supported its assertion that the prior art contained the claimed “at least one elastically deformable, inwardly directed protrusion”). Also, in utilizing experts, petitioners should avoid having the expert simply restate the position in the petition. In *Kinetic Technologies, Inc. v. Skyworks Solutions, Inc.*, IPR2014-00529,

[CONTINUED ON PAGE 18]



[PTAB, FROM PAGE 16]

Paper 8 (Sept. 23, 2014), the PTAB denied the petition because the expert's declaration did not provide any facts or data to support the underlying opinion that the claims would have been obvious. Specifically, the expert's opinion was substantially identical to the arguments of the petition, and the PTAB indicated that the statements made by the expert in the opinion were conclusory and entitled to little weight.<sup>10</sup>

In light of the success of obviousness at the PTAB, patent applicants should extensively review all prior art and its impact on the claims when handling applications and how the prior art may be used later in invalidity attacks against the claims. Once an IPR petition has been filed, the POPR is important for attacking the petitioner's obviousness case and to persuade the PTAB to deny petitions for IPRs. Additionally, although the PTAB has invalidated many claims on obviousness grounds, petitioners must still establish a *prima facie* case of obviousness or risk denial of the institution of an IPR. ■

1. "2014 Findings on USPTO Contested Proceedings," *Post Grant HQ Reporter*, Fitzpatrick, Cella, Harper & Scinto, *Postgranthq.com*, page 2.
2. *Id.*, at 4.
3. *Id.*, at 10.
4. "3 Lessons From Unsuccessful Inter Partes Review Petitions," Law360, Herzfeld et al. [http://www.law360.com/ip/articles/640040?nl\\_pk=9524721c-1d2b-4e22-8155-adb407db986d&utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=ip](http://www.law360.com/ip/articles/640040?nl_pk=9524721c-1d2b-4e22-8155-adb407db986d&utm_source=newsletter&utm_medium=email&utm_campaign=ip)
5. *Id.*
6. See § 42.108(b)
7. *Id.* at 11 and 15.
8. *Scotts Company LLC v. Encap*, IPR2013-00491, Paper 9 (Feb. 5, 2014).
9. *Id.*
10. *Id.*



**Strategies in *Inter Partes* Review  
Proceedings for Biotech/Pharma  
Patents**

**Robert H. Resis**

***Banner & Witcoff IP Update***

***May 29, 2015***

# STRATEGIES IN *INTER PARTES* REVIEW PROCEEDINGS FOR BIOTECH/PHARMA PATENTS



BY: ROBERT H. RESIS

In October 2013, about one year after *inter partes* review (IPR) proceedings became available, the chief judge of the Federal Circuit called the Patent Trial and Appeal Board (PTAB) a “death squad.”<sup>1</sup> Certainly, a high percentage of early IPR petitioners enjoyed success getting the PTAB to hold patent claims invalid, and the number of IPRs filed has steadily climbed.<sup>2</sup> Biotech/pharma patents, however, have a greater success rate in surviving an IPR than patents in other technologies. First, almost 40 percent of IPR petitions have been denied for patents in Tech Center 1600 (Biotechnology and Organic),<sup>3</sup> whereas about 21 percent of IPR petitions for all technologies have been denied.<sup>4</sup> Second, even when an IPR is instituted, biotech/pharma patents have all challenged claims survive about 33 percent on final PTAB decision versus about 23 percent for all technologies.

Of 18 final PTAB decisions for biotech/pharma patents, the patentee had all challenged claims survive in six,<sup>5</sup> and no challenged claims survive in 10,<sup>6</sup> and some, but not all challenged claims, survive in two.<sup>7</sup> Particularly useful strategies for petitioners and patent owners are discussed below.

## STRATEGIES FOR PETITIONERS

### 1. Argue the Primary Prior Art Document Favorably References a Secondary Prior Art Document that Discloses Claimed Feature(s) Not Found in the Primary Prior Art Document.

In *Illumina v. Trustees of Columbia University* (IPR2012-00006), the challenged patent involved sequencing DNA by incorporating a base-labeled nucleotide analogue into a

primer DNA strand, and then determining the identity of the incorporated analogue by detecting the label attached to the base of the nucleotide. Illumina argued that claims were obvious in view of Tsien and Prober I. Specifically, Illumina contended that Tsien’s reference to Prober I’s fluorescent nucleotides would have provided a person of ordinary skill in the art (POSITA) with a reason to have used Prober I’s labeling technique in Tsien’s method. Columbia argued that Tsien’s base label nucleotide would not have been the “starting point” to make novel nucleotide analogues because of a preference for nucleotides with the label attached to the 3’ –OH group. The PTAB did not find Columbia’s argument to be persuasive because there was an explicit description of base-labeled nucleotides in Tsien, and no specific disclosure had been identified in Tsien by Columbia that disparaged these alternative nucleotide analogues, or which would have lead a POSITA to conclude that they were unsuitable for the “sequencing DNA by synthesis” purpose described by Tsien.

### 2. Argue Inherency.

In *Ariosa v. Isis* (IPR2012-00022, IPR2012-00250 joined), the challenged patent involved prenatal detection methods using non-invasive techniques by detecting foetal nucleic acids in serum or plasma from a maternal blood sample. The patent taught that the claimed methods may be used to screen for Down’s syndrome and other chromosomal aneuploidies, to detect other conditions. The PTAB held that the same claim construction from its institution decision applied, i.e., all that was required by the amplification step of claim 1 was a step of amplifying nucleic

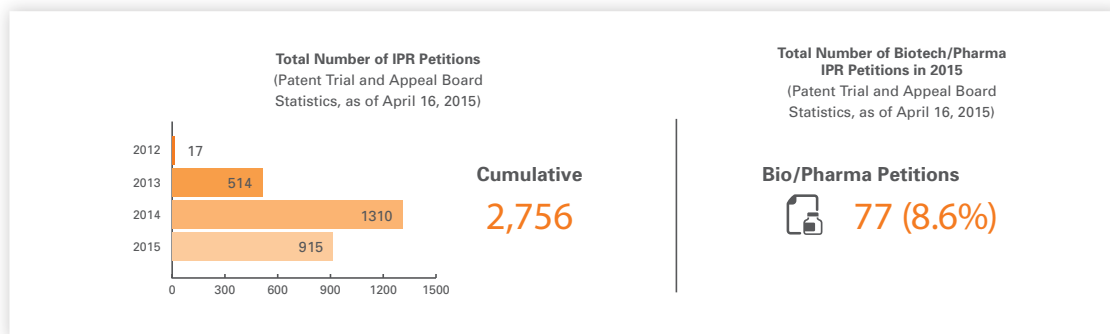
acid from a serum or plasma sample from a pregnant female, such as by PCR, as such amplified nucleic acid necessarily includes paternally inherited nucleic acid. Further, the PTAB held that the detecting step did not require that the detected nucleic acid specifically be identified as being inherited from the father or even as being from the fetus, only that it be identified as containing some level of nucleic acid, which would include, necessarily, nucleic acid from the fetus that was inherited from the father. The PTAB held that the Kazakov reference anticipated the claimed methods because it inherently detected paternally inherited nucleic acid of fetal origin. The PTAB held that the cases cited by Isis did not support its position that because experimental mistakes may have been made in Kazakov, Kazakov could not, under the law of inherency, anticipate the claimed methods.

introduce safety and efficacy hurdles resolvable only with human clinical trials. Despite this recognized difficulty, however, the PTAB held that a POSITA would have been motivated to pursue the clinical development of the therapy disclosed in one reference, which disclosed all of the claim limitations except for a biweekly dosing schedule. The PTAB held that the evidence established that the selection of the dose and dosing schedule would have been a routine optimization of the therapy outlined in the primary reference.

## STRATEGIES FOR PATENT OWNERS

### 1. Point to Prior Art Incompatibility.

In *Ariosa v. Verinata* (IPR2013-00276, -00277), the challenged patent involved a method for determining the presence or absence of fetal aneuploidy – a condition in which a fetus carries an abnormal number of chromosomes – by



### 3. Demonstrate Motivation of POSITA to Pursue Development Despite Potential Hurdles.

In *BioMarin v. Genzyme* (IPR2013-000534), the challenged patent involved treatment of Pompe disease using a claimed enzyme (GAA) biweekly. BioMarin demonstrated that a POSITA would have understood that to treat Pompe disease effectively using GAA, sufficient quantities of enzyme would have to reach the patient's muscle cells, which could potentially require high doses that could

determining the relative amounts of non-random polynucleotide sequences from a chromosome suspected of being aneuploidy, and from a reference chromosome or a chromosome region, in a cell-free sample from a pregnant woman. Verinata argued that a "tagging" method of one reference would not have been combinable with another reference's use of restriction digestible primers. The PTAB found that although the petition and accompanying declarations point to disparate elements in the three references, and attempt

[MORE ►](#)

[IPR, FROM PAGE 7]

to map them to elements of the challenged claims, virtually no effort was made to explain how or where the references differ from the challenged claims, how one of ordinary skill in the art would go about combining their disparate elements, or what modifications a POSITA would necessarily have made in order to combine the disparate elements. The PTAB held that Ariosa did not provide an “articulated reason[] with some rationale underpinning to support the legal conclusion of obviousness.”

**“Biotech/pharma patents, however, have a greater success rate in surviving an IPR than patents in other technologies.”**

## **2. Submit Evidence of Patentability.**

In *Int'l Flavors v. USA* (IPR2013-00124), the patent involved a method for repelling arthropods, which are known to transmit diseases and pose a serious threat to public health worldwide. The patent claimed methods of treating an object or area with an arthropod repelling effective amount of at least one isolongifolenone analog having a particular formula. The USA provided several publications, as well as an expert declaration, to demonstrate the level of ordinary skill in the art, as well as the non-obviousness of features to demonstrate patentability of proposed, substitute claims. The PTAB found that the evidence cited by the USA demonstrated that even small changes in structure can change the biological activity of an insect repellent. The PTAB also found that the prior art did not provide a reason to modify, and did not provide a reasonable expectation that such modifications would result in a compound with desired insect repellent activity.

## **3. Show Construed Claim Term Not Disclosed in Prior Art.**

In *Amneal v. Supernus* (IPR2013-00368), the patent involved sub-antimicrobial formulations of doxycycline. The claimed formulations could be used to inhibit activity of collagen destruction enzymes associated with human diseases, such as rosacea, without provoking undesired side effects attendant to an antibacterial dose. The PTAB credited the declaration testimony of Supernus' expert that inclusion of a water-soluble polymer coating of the secondary reference's secondary loading portion results in release of the drug promptly after administration, and that Amneal did not cite credible evidence to refute that testimony. The PTAB noted that although Supernus' expert conceded that there must be some lag while the polymer hydrates, it further credited his testimony that this lag, essentially the time required to wet the material, would not be considered a “delay” in connection with the construed claim term. The PTAB agreed with Supernus that the secondary reference did not disclose a “delayed release” portion. Thus, the PTAB held that the challenged claims were not unpatentable.

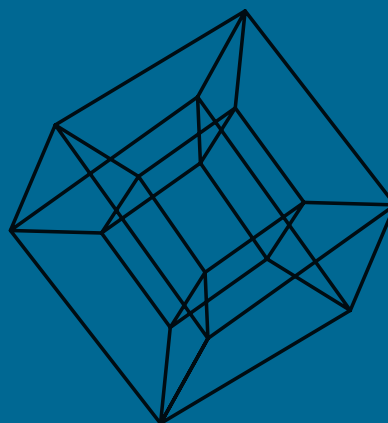
## **CONCLUSION**

As shown above, the PTAB should not be considered a “death squad” for biotech/pharma patents. The exemplary biotech/pharma IPRs above demonstrate that there are successful strategies for both petitioners and patent owners. ■

1. At the annual meeting of the American Intellectual Property Law Association on October 25, 2013, during a question-and-answer session, then Chief Federal Circuit Judge Randall Rader stated that PTAB was "acting as death squads, kind of killing property rights." <http://www.law360.com/articles/482264>.
2. According to PTO statistics, the number of IPR petitions was 514 (FY 2013), 1,310 (FY 2014), and 915 (FY 2015). As of April 16, 2015, that correlates to a pace of about 3,150 for FY2015.
3. For Tech Center 1600, Biotechnology and Organic, of 109 IPR petition institutions decided, 39 percent (43) were denied, 15 (14 percent) were granted, and 47 percent (51) were granted and denied (for period of 2/1/2013 to 4/10/2015).
4. For all technologies, of 1,765 of all IPR petitions institutions decided, 21 percent (366) were denied, 18 percent (320) were granted, and 61 percent (1079) were granted and denied (for period of 2/1/2013 to 4/10/2015).
5. For the period to 4/10/2015, biotech/pharma patent had all challenged claims survive final PTAB decision in:  
IPR2013-00276 and IPR2013-00277 – *Ariosa v. Verinata*  
IPR2013-00368, -00371, and -00372 – *Amneal v. Supernus*  
IPR2013-00517 – *Intelligent Bio-Systems v. Illumina Cambridge*
6. For the period to 4/10/2015, patent owners had no challenged claims survive final PTAB decision in:  
IPR2012-00006, -00007, -00011 – *Illumina, Inc. v. Trustees of Columbia University*  
IPR2013-00117 – *Gnosis v. Merck*  
IPR2013-00128, -00266 – *Intelligent Bio-Systems v. Illumina Cambridge*  
IPR2013-00534, -00537 – *BioMarin v. Genzyme*  
IPR2013-00535 – *BioMarin v. Duke University*  
IPR2013-00590 – *Baxter Healthcare v. Millenium Biologix*
7. For the period to 4/10/2015, patent owners had some claims survive final PTAB decision in:  
IPR2013-00124 – *Int'l Flavors v. USA* (substitute claims 27-44 patentable, substitute claim 45 not patentable)  
IPR2013-00022 (IPR2012-00250 joined) – *Ariosa v. Isis* (split)

# WITCON 2015

BANNER & WITCOFF'S  
CORPORATE  
INTELLECTUAL  
PROPERTY SEMINAR



## SAVE THE DATE!

Please save Friday, Oct. 16, 2015, for Banner & Witcoff's Corporate IP Seminar at the University of Chicago Gleacher Center. We will host morning and afternoon sessions with topics selected to help you protect your corporation's intellectual property assets.

If there are topics or questions you would like addressed during the seminar, please send them to us at [event@bannerwitcoff.com](mailto:event@bannerwitcoff.com). We look forward to seeing you in the fall!

**Friday, Oct. 16, 2015**

8:30 a.m. – 4:30 p.m.

**University of Chicago Gleacher Center**

450 N. Cityfront Plaza Drive  
Chicago, IL

For more information, please contact  
Chris Hummel at 202.824.3126  
or [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com).



**Preparing for the Obvious at the  
PTAB**

**Bradley J. Van Pelt and  
Brittany M. Martinez**

***Law360 Expert Analysis***

***June 30, 2015***

## Preparing For The Obvious At The PTAB

Law360, New York (June 30, 2015, 10:55 AM ET) --

There is little debate that inter partes reviews have proven to be an effective means of challenging the validity of a patent. During the first two-and-a-half years, more than 73 percent of claims originally challenged in IPR petitions have been either canceled by the patent owner or found unpatentable by the Patent Trial and Appeal Board of the U.S. Patent and Trademark Office.<sup>[1]</sup> Where the PTAB has granted petitions for IPRs, the number jumps to more than 81 percent.<sup>[2]</sup>



Bradley Van Pelt

So far, the success rate of novelty challenges at the PTAB is slightly better than in the district courts, with 37.5 percent in IPRs at the PTAB and 31.1 percent in the district courts. However, precedent indicates that the PTAB is twice as likely to invalidate claims for obviousness than the district courts.<sup>[3]</sup> In view of this precedent, how can patent holders best prepare for the issue of obviousness in IPRs and what can petitioners learn from the invalidity challenges that have failed?

### Lessons for Patent Holders



Simply citing the closest prior art during prosecution will not guarantee avoiding a later invalidity challenge at the PTAB on the basis of the same cited prior art. Judges and juries are typically unwilling to invalidate claims based on prior art considered during prosecution. In contrast, the PTAB has granted petitions for IPRs on the basis of prior art already considered by the examiner during prosecution.

For example, in *Macauto U.S.A. v. BOS GmbH & KG*, the PTAB declined to reject a petition based upon the fact that particular arguments and prior art were previously considered by the USPTO.<sup>[4]</sup> In *Illumina Inc. v. Trs. of Columbia Univ. in the City of N.Y.*, the PTAB found that the petitioner demonstrated a reasonable likelihood that certain claims would be invalidated in view of art considered during prosecution.<sup>[5]</sup> The PTAB also found in *LKQ Corp. v. Clearlamp LLC* that the petitioner demonstrated a reasonable likelihood that the claims would be found obvious over prior art successfully traversed during prosecution.<sup>[6]</sup>

In addition, the PTAB has seldom allowed patent holders to amend claims during IPRs.<sup>[7]</sup> Moreover, in light of the recent affirmance of the PTAB's decision to deny the amending of claims in *In re Cuozzo Speed Tech.*, amending claims during IPRs is likely to remain difficult.<sup>[8]</sup>

During prosecution, practitioners should consider taking steps, in addition to amending the claims or arguing the various features of the claims, to overcome the particular references relied on by the examiner to reject the claims. Specifically, practitioners should consider all prior art of record when developing a response strategy in prosecuting applications. They should extensively review all prior art and its impact on the claims when drafting and prosecuting

applications and how the prior art may be used later in invalidity attacks against the claims. They should also file narrower claims that may be helpful in overcoming any other known prior art discovered during prosecution.

Prior to filing applications, applicants often conduct patentability searches to determine what is protectable in patent applications, which includes a search of the relevant prior art pertaining to an invention. With the successfulness of obviousness challenges at the PTAB, it becomes more important to thoroughly review these searches prior to application drafting to determine different routes to patentability. This includes preparing robust disclosures containing multiple embodiments and drafting claims of varying scope and degree.

As compared to district court litigation, IPR rules are skewed dramatically in the petitioner's favor. In an IPR, there is no presumption of validity, but rather petitioners need only satisfy a preponderance of the evidence standard, and claims are given their broadest reasonable interpretation. Further, the PTAB, comprised of patent practitioners with technical backgrounds, is not as likely as a judge or jury to defer to examiner conclusions. Once an IPR petition is filed, a patent owner must be prepared to attack any and all weaknesses of the petitioner's case.

The optional patent owner's preliminary response (POPR) can be an important tool to attack the petitioner's case and may help persuade the PTAB to deny petitions for IPRs. For example, patent holders should utilize POPRs to challenge any procedural deficiencies of IPR petitions (e.g., redundancy, timing, etc.) and/or a specific deficiency in the prior art, combination of prior art or petitioner's characterization of prior art.

For example, in *E.I. Du Pont De Nemours & Co. v. Monsanto Tech. LLC*, the PTAB found the patent owner's argument that a particular claim element was missing from the prior art convincing.<sup>[9]</sup> In *Lenroc Co. v. Enviro Tech Chemical Services Inc.*, the PTAB found the patent owner's claim construction dispositive.<sup>[10]</sup> Also, the PTAB, in *Mylan Pharms. Inc. v. Gilead Scis. Inc.*, found the patent owner's argument that there was no motivation to combine references convincing.<sup>[11]</sup>

Additionally, although the PTAB has invalidated many claims on obviousness grounds, it still remains the petitioner's burden to establish a prima facie case of obviousness. Therefore, in the POPR, patent holders can highlight the areas of petitions where the petitioner has failed to establish a prima facie case of obviousness against the claims. For example, in *Lake Cable v. Windy City*, the PTAB denied a petition for IPR brought on five different grounds of obviousness because the petitioner failed to show that the prior art taught all of the elements of the claims and/or the petitioner failed to explain why a person of ordinary skill in the art would have made the proposed modifications.<sup>[12]</sup>

## **Lessons for Petitioners**

The PTAB has denied petitions for IPR where the petition only points out that all of the elements are shown in the prior art. This occurred in *Lake Cable v. Windy City*, where the PTAB found that "independent existence of [] elements in various prior art references does not, itself, demonstrate that the combination of such elements is obvious."<sup>[13]</sup> Also, in *Nautique Boat Company Inc. v. Malibu Boats LLC*, the PTAB denied obviousness grounds because the petitioner failed to identify any differences between the claimed invention and the prior art, thus failing to make a meaningful obviousness inquiry and because the reason to

combine the elements was not made explicit.<sup>[14]</sup>

Petitioners attempting to institute an IPR on grounds of obviousness should not expect that the PTAB will connect the dots in determining whether to grant the petition for review. The PTAB's job is not to determine whether the claims are patentable, but only whether the petitioner has satisfied its burden. The PTAB will not review the references cited in detail to determine whether the claims at issue are obvious.<sup>[15]</sup> In *Fontaine Engineered Products Inc. v. Raildecks Inc.*,<sup>[16]</sup> the PTAB refused a petition for IPR brought on obviousness grounds because the petitioner's claim charts only cited to disclosure of the alleged invalidating reference without any accompanying explanation or argument as to why the reference discloses or teaches the recited "first brace(s)."<sup>[17]</sup>

Petitioners must also explicitly identify where every limitation of the claims is located in the prior art. In *CB Distributors Inc. v. Fontem Holdings 1 BV*, the PTAB found one of the claims not obvious in view of the asserted prior art because the petitioner did not "contend or point us to where Hon '494 discloses or suggests a restriction component 'detachably set on one end' of the porous component."<sup>[18]</sup>

Petitioners cannot rely on conclusory statements without more to establish obviousness and must explain why a person of ordinary skill in the art would make the alleged combination. The PTAB, in *Scotts Company LLC v. Encap*, denied a petition to institute an IPR because the petitioner relied on "conclusory statements, without any substantiating evidence (e.g., expert declaration), as to why a person of ordinary skill in the art would have combined the teachings."<sup>[19]</sup> Also in *Zimmer Holdings Inc. v. Bonutti Skeletal Innovations LLC*, the PTAB

denied a petition to institute an IPR on obviousness grounds on a patent pertaining to knee implants and knee implant surgery because the references provided substantially different structures and functions from each other, and the obvious rationale was not supported “by adequate articulated reasoning with rational underpinning.”<sup>[20]</sup>

Petitioners should always include expert testimony in petitions for IPR. In *Excelsior Medical Corp. v. Lake*, the PTAB denied a petition for IPR on obviousness grounds because the petitioner did not provide any objective evidence that supported its assertion that the prior art contained the claimed “at least one elastically deformable, inwardly directed protrusion.”<sup>[21]</sup> Also, in using experts, petitioners should avoid having the expert simply restate the position in the petition. In *Kinetic Technologies, Inc. v. Skyworks Solutions, Inc.*, the PTAB denied the petition because the expert’s declaration did not provide any facts or data to support the underlying opinion that the claims would have been obvious.

<sup>[22]</sup> Specifically, the expert’s opinion was substantially identical to the arguments of the petition, and the PTAB indicated that the statements made by the expert in the opinion were conclusory and entitled to little weight.<sup>[23]</sup>

In light of the success of obviousness at the PTAB, patent applicants should extensively review all prior art and its impact on the claims when handling applications and how the prior art may be used later in invalidity attacks against the claims. Once an IPR petition has been filed, the POPR is important for attacking the petitioner’s obviousness case and to persuade the PTAB to deny petitions for IPRs. Additionally, although the PTAB has invalidated many claims on obviousness grounds, petitioners must still establish a prima facie case of obviousness or risk denial of the institution of an IPR.

—By Bradley J. Van Pelt and Brittany M. Martinez, Banner & Witcoff Ltd.

*Bradley Van Pelt and Brittany Martinez are attorneys in Banner & Witcoff's Chicago office and former patent examiners at the U.S. Patent and Trademark Office.*

*The opinions expressed are those of the author(s) and do not necessarily reflect the views of the firm, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.*

---

[1] "2014 Findings on USPTO Contested Proceedings," Post Grant HQ Reporter, Fitzpatrick, Cella, Harper & Scinto, Postgranthq.com, page 2.

[2] *Id.* at 4.

[3] *Id.* at 10.

[4] IPR2012-00004, Paper 18 (Jan. 24, 2013).

[5] IPR2012-00006, Paper 28 (Mar. 12, 2013).

[6] IPR2012-00006, Paper 28 (Mar. 12, 2013); IPR2013-00020, Paper 18 (Mar. 29, 2013).

[7] "3 Lessons From Unsuccessful Inter Partes Review Petitions," Law360, Herzfeld et al. [http://www.law360.com/ip/articles/640040?nl\\_pk=9524721c-1d2b-4e22-8155-adb407db986d&utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=ip](http://www.law360.com/ip/articles/640040?nl_pk=9524721c-1d2b-4e22-8155-adb407db986d&utm_source=newsletter&utm_medium=email&utm_campaign=ip)

[8] See *Garmin Int'l Inc. v. Cuozzo Speed Tech.*, IPR2012-00001, Paper 59 (Nov. 13, 2013), *aff'd* in *In re Cuozzo Speed Tech.*, 2014-1301 (Fed. Cir. February 4,

2015) (denying a motion to amend because the scope of the proposed substitute claim was not supported by any of the original claims).

[9] IPR2014-00331, paper 21 (July 11, 2014).

[10] IPR2014-00382, paper 12 (July 24, 2014).

[11] IPR2014-00885, Paper 15 (Dec. 9, 2014).

[12] IPR2013-00528, Paper 11, at 29-31 (Feb. 19, 2014).

[13] IPR2013-00528, at 24 (Feb. 19, 2014).

[14] IPR2014-01045 Paper. 13, at 14-15, 19 (Nov. 26, 2014).

[15] See § 42.108(b).

[16] IPR2013-00360, Paper 9 (Dec. 13, 2013).

[17] *Id.* at 11 and 15.

[18] IPR2013-00387, Paper 43 at 30-31 (Dec. 24, 2014).

[19] *Scotts Company LLC v. Encap*, IPR2013-00491, Paper 9 (Feb. 5, 2014).

[20] IPR2014-01078, Paper 17 (Oct. 30, 2014).

[21] IPR2013-00494, Paper 10 at 8 (Feb. 6, 2014).

[22] IPR2014-00529, Paper 8 (Sept. 23, 2014).

[23] *Id.*





**PTAB Puts the Brakes on Applying  
the Same Element in a Reference to  
2 Elements in a Claim**

**Craig W. Kronenthal**

***Banner & Witcoff PTAB Highlights***

***August 13, 2015***

BANNER&WITCOFF

# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

[bannerwitcoff.com](http://bannerwitcoff.com)

## PTAB Puts the Brakes on Applying the Same Element in a Reference to 2 Elements in a Claim

By Craig W. Kronenthal

August 13, 2015 — In a decision denying institution of *inter partes* review, the PTAB declined to let a single structure in an applied reference satisfy two elements in a challenged claim.

[IPR2015-00613 – Hopkins Manufacturing Corporation v. Cequent Performance Products, Inc. \(Paper 9, August 7, 2015\)](#)

Petitioner filed a petition requesting *inter partes* review of a patent directed to controlling the brakes on a trailer being towed by a vehicle. The patent describes a brake control system having a single accelerometer. The patent explains that the output of the accelerometer is processed to obtain a tilt/inclination of the vehicle and a rate of deceleration of the vehicle. Based on an “inclination signal” and “deceleration signal,” a controller controls the brakes of the trailer. The independent claims referred to both of these signals.

Petitioner asserted that certain claims were anticipated by a reference that taught a similar structure – a brake control system with a single accelerometer. Petitioner’s reference, however, referred to the output of the accelerometer as one signal with two components. To draw parallels between the patent and reference, Petitioner proposed construing the inclination signal and deceleration signal as components of an accelerometer output.

The Board refused to adopt Petitioner’s claim constructions, and instead, determined that the deceleration signal and inclination signal are separate and distinct. This determination was made, in part, because the claim language referred to the signals in a way that implied they were separate and distinct. Specifically, the claim recited “both said deceleration and said inclination signals.”

Under appropriate circumstances, two elements in a claim may be satisfied by a single element in a reference. *See, e.g., NTP, Inc. v. Research in Motion, Ltd.* 418 F.3d 1282, 1310 (Fed. Cir. 2005). Citing another case, Petitioner asserted this idea as “black letter law” and argued that the prior art teaching of an accelerometer with an output signal having two components met the “deceleration signal” and “inclination signal” of the claims. The Board didn’t buy it. The Board noted that, in the case the Petitioner cited, “the Specification of the patent at issue did ‘not suggest that the *claim terms require separate structures.*’” Thus, on the basis of its determination that the claims require separate and distinct signals, the Board distinguished this case from those applying the black letter law and rejected Petitioner’s arguments.

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board’s significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of PTAB Highlights.



**USPTO Issues Second Round of AIA  
Rule Changes**

**Camille Sauer**

***Banner & Witcoff Intellectual  
Property Alert***

***September 8, 2015***

## Intellectual Property Alert: USPTO Issues Second Round of AIA Rule Changes

By **Camille Sauer**

September 8, 2015 — On August 19, 2015, the United States Patent and Trademark Office announced a new round of proposed changes to practice before the Patent Trial and Appeal Board, including *inter partes* review, post-grant review, the transitional program for covered business method patents, and derivation proceedings (the AIA proceedings). A first round of changes involving mostly ministerial changes was published May 19, 2015. This round of changes involves more substantive revisions to the rules in consideration of public comments provided in response to feedback from a nationwide listening tour in April and May 2014 and a Request for Comments published in the Federal Register in June 2014.<sup>1</sup>

The August rule changes (the August 2015 changes) involve revisions to the Office Patent Trial Practice Guide, which aim to allow patent owners to create more robust petitions and to mitigate potential misconduct in filings, among other things. This alert provides a summary of the rule changes and highlights relevant clarifications for parties involved in AIA proceedings.

The USPTO will accept public comments on these rule changes until October 19, 2015 by e-mail to [trialrules2015@uspto.gov](mailto:trialrules2015@uspto.gov) or via the Federal eRulemaking Portal <http://www.regulations.gov>.

### Overview

The August 2015 changes respond to questions posed by the office in the June 2014 Request for Comments, including:

- claim construction standard,
- patent owner's motion to amend,
- patent owner's preliminary response,
- additional discovery,
- obviousness,
- real party in interest,
- multiple proceedings,
- extension of one-year period to issue a final determination,
- oral hearing, and
- general topics.

The proposed rule changes considered and/or adopted for each topic are discussed in turn below.

---

<sup>1</sup> 79 FR 36476 (June 27, 2014).

## **Claim Construction Standard**

The office asked, “Under what circumstances, if any, should the Board decline to construe a claim in an unexpired patent in accordance with its broadest reasonable construction in light of the specification of the patent in which it appears?”<sup>2</sup>

Some comments advocated a *Phillips*-type construction standard, where each claim of the patent is construed in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art, the prosecution history pertaining to the patent, and prior judicial determinations and stipulations relating to the patent. The office adopted this standard for claims of a patent that are expired or that will expire prior to the issuance of a final decision, because the ability to amend the claims is no longer available in the AIA proceeding. However, the office will continue to apply the broadest reasonable interpretation (BRI) standard to claims of an unexpired patent, noting that the PTAB previously determined the BRI standard to be consistent with legislative intent and reasonable under the office’s rulemaking authority.<sup>3</sup>

The office is inviting further comments on how to structure guidelines to implement this change and how to determine which standard should apply where a patent owner choose to forego the right to amend claims in the AIA proceeding.

## **Patent Owner’s Motion to Amend**

The office asked, “What modifications, if any, should be made to the Board’s practice regarding motions to amend?”

The office decided not to modify the PTAB’s practice regarding motions to amend, noting that the PTAB has already clarified motions to amend to some extent. Specifically, in *MasterImage 3D, Inc. v. RealD Inc.*, Case IPR2015-00040, (PTAB July 15, 2015), the PTAB clarified that a patent owner must argue for the patentability of the proposed substitute claims over the prior art of record, including any art provided in light of a patent owner’s duty of candor and any other prior art or arguments supplied by the petitioner, in conjunction with the requirement that the proposed substitute claims be narrower than the claims that are being replaced. In addition, *MasterImage* clarified that once a patent owner has set forth a *prima facie* case of patentability of narrower substitute claims over the art of record, the burden of production shifts to the petitioner.

The office did not adopt suggestions that motions to amend should be liberally allowed or a number of other suggestions that would allow patent owners a more substantial right to amend.

## **Patent Owner’s Preliminary Response**

The office proposed amending the rules to allow the patent owner to file new testimonial evidence with its preliminary response. In order to meet the three-month statutory deadline to issue a decision on institution, the rules will provide expressly that no right of cross-examination of a declarant exists before institution. Further, the office proposed amending the rules to provide that any factual dispute that is material to the institution decision will be resolved in favor of the petitioner solely for

---

<sup>2</sup> 79 FR at 36476.

<sup>3</sup> See *In re Cuozzo Speed Techs., LLC*, No. 2014-1301, 2015 WL 4097949, at \*7–8 (Fed. Cir. July 8, 2015).

purposes of making a determination about whether to institute. These proposed changes attempt to preserve petitioner's right to challenge statements made by the patent owner's declarant.

### **Additional Discovery and Obviousness**

The office asked "Under what circumstances should the Board permit the discovery of evidence of non-obviousness held by the Petitioner, for example, evidence of commercial success for a product of the Petitioner?"

The office will continue to apply the *Garmin* factors<sup>4</sup> to requests for additional discovery and will continue to decide these requests on a case-by-case basis.

The office did not adopt suggestions to permit discovery of non-obviousness, e.g., commercial success, in all cases or suggestions to permit interrogatories or document requests in all cases. The *Garmin* factors will continue to govern requests on a case-by-case basis. However, the office agreed that there should be some showing of a nexus between the claims of the patent and an accused product.

### **Real Party in Interest**

The office decided to maintain the current rules, which generally will permit a patent owner to raise a challenge regarding a real party-in-interest or privity at any time during a trial proceeding. However, the office indicated it prefers such challenges be brought early in the proceedings and, for late challenges that reasonably could have been raised earlier in the proceeding, the office will consider the impact of such a delay on a case-by-case basis, including whether the delay is unwarranted or prejudicial. The office also will consider that impact when deciding whether to grant a motion for additional discovery based on a real party-in-interest or privity issue.

The office did not propose rule changes but indicated that it plans to add further discussion on this issue to the Office Patent Trial Practice Guide to provide guidance on raising a challenge regarding a real party-in-interest, including the time of the challenge and proof of a real party-in-interest.

### **Multiple Proceedings**

The office did not change rules regarding multiple proceedings, indicating that current rules afford the PTAB broad discretion to manage multiple proceedings by tailoring the solution to the unique circumstances of each case and, thereby, optimizing efficiencies and promoting fair results in each case. Further, the office indicated that evolving PTAB case law was sufficient to ensure consistency of decisions in multiple proceedings.

The office stated that the PTAB will continue to take into account the interests of justice and fairness to both petitioners and patent owners where multiple proceedings involving the same patent claims are before the office and that the PTAB also must consider its ability to meet the statutory deadlines in AIA proceedings.

---

<sup>4</sup> See *Garmin Int'l, Inc. v. Cuozzo Speed Techs. LLC*, Case IPR2012-00001, (PTAB Mar. 5, 2013) (citing factors which address (1) whether a party possesses more than a possibility and a mere allegation, (2) a party's litigation positions and underlying basis for those positions, (3) a party's ability to generate equivalent information by other means, (4) whether the requests are easily understandable, and (5) whether the requests are not overly burdensome to answer).

The office declined to adopt a rule change requiring petitioners to self-identify repetitive challenges.

### **Extension of One-Year Period to Issue a Final Determination**

The office declined to revise the rules to provide for extending the term of the trial beyond one year for special circumstances. The office will continue to strive to meet the one-year statutory time period for trial.

### **Oral Hearing**

The office proposed amending 37 C.F.R. § 42.70 to require that demonstrative exhibits be served seven days before oral argument.

The office will continue its current practice of considering requests for oral hearings on a case-by-case basis. Further, the office confirms plans to hold more hearings in regional offices.

### **General Topics**

The office proposed requiring a Rule 11-type certification for all papers filed in AIA proceeding by amending 37 C.F.R. § 42.11. The proposed amendment will include the possibility of sanctions and allow for misconduct to be reported to the Office of Enrollment and Discipline (OED). The requirement is intended to make AIA proceedings more robust and provide a way to police counsel as well as parties in AIA proceedings.

The office adopted word limits rather than page limits for petitions, preliminary responses, patent owner responses and replies to patent owner responses. In particular, petitions, preliminary responses, and patent owner responses for *inter partes* reviews and derivation proceedings have been changed from 60 pages to 14,000 words. Petitions, preliminary responses, and patent owner responses for covered business methods and post-grant proceedings have been changed from 80 pages to 18,700 words. Replies to patent owner responses have been changed from 25 pages to 5,600 words.

### **Useful Links**

Notice of the proposed rules: <https://www.federalregister.gov/articles/2015/08/20/2015-20227/amendments-to-the-rules-of-practice-for-trials-before-the-patent-trial-and-appeal-board>.

USPTO Director Michelle Lee Blog regarding her views on this proposed rules package: [http://www.uspto.gov/blog/director/entry/ptab\\_update\\_proposed\\_changes\\_to](http://www.uspto.gov/blog/director/entry/ptab_update_proposed_changes_to).

Federal eRulemaking Portal: <http://www.regulations.gov>.

To subscribe or unsubscribe to this Intellectual Property Advisory, please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)





**Carefully Consider Corporate  
Relationships When Determining  
Real Parties-In-Interest**

**H. Wayne Porter**

***Banner & Witcoff PTAB Highlights***

***October 2, 2015***

BANNER&WITCOFF

# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

[bannerwitcoff.com](http://bannerwitcoff.com)

## Carefully Consider Corporate Relationships When Determining Real Parties-In-Interest

By [H. Wayne Porter](#)

October 2, 2015 — The PTAB denies institution of an *inter partes* review (IPR) based on a failure to list a parent corporation as a real party-in-interest (RPI).

### [IPR2015-01016 - Aceto Agricultural Chemicals Corp. v. Gowan Co. \(Paper 15\)](#)

A petition for an IPR must identify every RPI,<sup>1</sup> and a petitioner must list all RPIs as part of mandatory notices filed with a petition.<sup>2</sup> If the PTAB determines that the petitioner failed to identify all RPIs, the petition will be denied. Although a subsequent petition naming all RPIs can be filed, intervening litigation can prevent institution of an IPR based on a later-filed petition.<sup>3</sup>

The petitioner in IPR2015-01016 was Aceto Agricultural Chemical Corp.<sup>4</sup> The petitioner was a wholly owned subsidiary of Aceto Corp., but Aceto Corp. was not identified as an RPI.<sup>5</sup> In its

---

<sup>1</sup> 35 U.S.C. § 312(a)(2).

<sup>2</sup> 37 C.F.R. § 42.8(a)(1).

<sup>3</sup> See 35 U.S.C. § 315(a)(1).

<sup>4</sup> Case IPR2015-01016, *Aceto Agricultural Chemicals Corp. v. Gowan Co.* (IPR2015-01016), Paper 35 (Decision Denying Institution of *Inter Partes* Review).

<sup>5</sup> *Id.* at 5-6.

Preliminary Response, the patent owner asserted that Aceto Corp. should have been identified.<sup>6</sup> The PTAB noted that a petitioner's listing of RPIs is rebuttably presumed correct, but that the burden of persuasion on the RPI issue remains on the petitioner once the patent owner provides sufficient rebuttal evidence.<sup>7</sup> The PTAB found that the petitioner failed to carry its burden.<sup>8</sup> As a result, the petition was denied and no IPR was instituted.

An RPI in an IPR is generally the entity that desires review of the patent at issue.<sup>9</sup> An RPI may be the petitioner, but it may also or alternatively be a party at whose behest a petition was filed.<sup>10</sup> The determination of whether an entity is an RPI is highly fact-dependent, but an important consideration is whether the entity in question exercised or could have exercised control over the petitioner's participation in a proceeding.<sup>11</sup> A parent corporation is not *per se* an RPI.<sup>12</sup> However, the PTAB has held in several cases that a parent corporation should be named as an RPI when a relationship between a non-party parent corporation and a petitioning subsidiary corporation blurs the line of corporate separation such that the parent could control conduct of the IPR.<sup>13</sup>

The PTAB found the following facts to be important in its determination that the parent corporation was an RPI for purposes of IPR2015-01016:

- The parent corporation sought an EPA registration for a product discussed and claimed in the patent at issue.<sup>14</sup>
- The petitioner and the parent shared the same CEO and several other high-ranking corporate leaders.<sup>15</sup>

---

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 3.

<sup>8</sup> *Id.* at 8.

<sup>9</sup> *Id.* at 2.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 4.

<sup>12</sup> *Id.* at 5.

<sup>13</sup> *Id.* (listing several PTAB decisions).

<sup>14</sup> *Id.* at 8-9.

<sup>15</sup> *Id.* at 9.

- A “key employee” of the parent signed a power of attorney document for the petitioner in connection with the proceeding.<sup>16</sup>
- Statements in SEC filings indicated that the parent may subsidize litigation losses of subsidiaries.<sup>17</sup>

The PTAB indicated that the evidence tended to show that the parent corporation at least had the opportunity and incentive to control the proceeding.<sup>18</sup> At best, it was unclear whether the parent corporation and the petitioner operated as separate and distinct entities, or whether they blurred the corporate lines such that they effectively operated as a single entity.<sup>19</sup>

The PTAB also found it relevant that the petitioner failed to seek leave to respond to the patent owner’s arguments and evidence on the RPI issue.<sup>20</sup>

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board’s significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of PTAB Highlights.

---

<sup>16</sup> *Id.*

<sup>17</sup> *Id.* at 10.

<sup>18</sup> *Id.* at 11.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.* at 10-11.



**Which is Better — Patent Arbitration  
or Patent Post-Issuance  
Proceedings?**

**Charles W. Shifley**

***Banner & Witcoff IP Update***

***October 15, 2015***

## WHICH IS BETTER – PATENT ARBITRATION OR PATENT POST-ISSUANCE PROCEEDINGS?



BY CHARLES W. SHIFLEY

Tom Brady, New England Patriots quarterback, has seemingly won his dust-up with the National Football

League over the air pressure in footballs. Brady received a four-game suspension after an NFL investigation of “Deflategate,” where Brady was accused of using footballs with lower air pressure than allowed by NFL rules in order to gain an unfair advantage.

But Brady did not accept the sacking and, instead, filed for arbitration. He lost, but was still not out. He headed to court, where a judge acknowledged that the arbitration was due the

of patent disputes may wither away and die because the U.S. Patent and Trademark Office Patent Trial and Appeal Board’s (PTAB) *inter partes* review, post-grant review and covered business method proceedings may take over the role of arbitration for those who want non-litigation resolutions of patent disputes.

This “wither and die” conclusion was controversial enough that it was taken to task in the American Bar Association July/August 2015 *Landslide* article, “Patent Arbitration: It Still Makes Good Sense.” The author, patent arbitrator Peter Michaelson, took a position that the business he is in, arbitrating patent disputes, makes good sense.

### “Compare Mr. Michaelson’s concessions and the NFL-Brady arbitration experience, with the facts of post-grant proceedings in the PTAB, to decide where patent disputes should be taken.”

court’s respect and deference. However, the court still freed Brady because the quarterback was not informed that he could be disciplined for misconduct, and because his lawyers were only allowed to cross-examine one of the two lead NFL investigators and could not dig into the NFL’s investigative files.

However, even as *Sports Illustrated* trades in “Deflategate” for “Elategate,” Yogi Berra, a sports figure from baseball, taught us that, “It ain’t over ‘til it’s over.” The NFL has appealed, and the case goes on.

What does any of this have to do with intellectual property, and more specifically, patents? The simple answer is: a lot. In the Fall 2014 *Corporate Counsel* article, “Goodbye Patent Arbitration?” this author advanced the opinion that in the near future, the arbitration

So, which is better — patent arbitration or PTAB proceedings — for deciding patent disputes? You be the referee. Compare Mr. Michaelson’s concessions and the NFL-Brady arbitration experience, with the facts of post-grant proceedings in the PTAB, to decide where patent disputes should be taken.

To start, Mr. Michaelson’s “Good Sense” article admits that “[p]ost-grant proceedings [are] certainly expeditious and cost effective.” Compare, then, the admittedly “expeditious and cost effective” PTAB proceedings with the NFL-Brady arbitration experience, and score one for PTAB proceedings. Two of the three reasons Brady’s judge cited for reversing the arbitration decision involve matters that always complicate, in time and money, the currently existing arbitration proceedings that practically duplicate litigation.

The two matters are exploratory witness examinations and document discovery. As in the “Goodbye Patent Arbitration?” article, current arbitration includes both of these as typical American Arbitration Association procedures, which are time-consuming and expensive. The procedures and arbitrator predilections lead to extended facts and expert witness depositions and forced exchanges of volumes of documents.

The Michaelson article continues that “[a]necdotaly, initiating a [PTAB] proceeding, and often just a credible threat of doing so, present[s] ... an effective ‘club’ to reach early settlements of infringement disputes at markedly less cost ...” Score two, and maybe three, for the PTAB. The NFL apparently cannot do anything to get Brady into settlement, just as many parties in patent arbitration go the distance in trying their cases.

“Good Sense” goes on: “Where patent validity is the dispositive issue in dispute, the relative low cost and quick pendency of a post-grant proceeding make it a rather attractive litigation substitute. ... Where ... factors [of concerns beyond validity] do not exist, such a proceeding may be ideal.” Scores are piling up for the PTAB! Admittedly, a loser in PTAB proceedings can take an appeal to the U.S. Court of Appeals for the Federal Circuit, but that court, unlike Brady’s judge, will not mouth deference and yet undercut the PTAB. Except for patent claim interpretation, which has been reversed for being overbroad at least once, and unless the case involves interpretation of law, which is considered anew, the Federal Circuit will apply a highly deferential standard of review to PTAB decisions.

Michaelson also states that advantages of litigation, as opposed to arbitration, “are grossly outweighed by the deficiencies” of litigation, but acknowledges that “in its default mode, patent arbitration closely mirrors litigation with all its principal deficiencies.” Runaway scoring for the PTAB! Would that it were true that patent arbitration did not turn out like litigation, as the article asserts it need not.

It is true that it need not. But too often patent arbitration is directed by one side to be just like litigation, because that side has resolved to drive up costs to provoke settlement. That happens even when the patent owner is in a supplier-customer relationship, even when the patent owner is a substantial supplier of other products to the alleged infringer. In many cases, the supplier-customer relationship is not respected and the potential win of a split-the-baby, or better, arbitration award, is too much to allow for good sense to rule.

Sometimes even arbitrators themselves make arbitration more like litigation, as they exert themselves to organize their decision-making through requirements of early initial disclosures; discovery, including document disclosure requirements, depositions, claim construction proceedings, summary judgment motions; and pretrial, all before a trial in a distant future. They seem to think that is the way it is done since that is the way arbitration rules suggest, and that was the way of litigation when they were advocates.

Experience over many years teaches us that more likely than not, the dispositive issue of a patent dispute is patent validity — the issue of whether the asserted patent claims are valid at the extremity of scope that the patent owner is typically asserting. The patent’s embodiments of invention have often been left behind and the claim terms broadened almost as to be unrecognizable.

**MORE ▶**

[WHICH IS BETTER, FROM PAGE 13]

The PTAB with its broadest reasonable interpretation approach to patent scope is ideal for decisions in such situations. Once broad claims are canceled or confirmed, the dispute is over. The alleged infringer moves on either way. Sales can continue with the relevant patent claims canceled, or if the validity of the challenged claims is upheld, a new product can be introduced and the case of past damages boxed in and settled.

As with all conclusions based on opinions, there will be instances where the conclusion of this article is wrong. For example, the occasional obstinate infringer of valid patents is admitted. And in some situations, post-issuance proceedings may not be available, or the prior art may not be killer prior art. But if the patents at issue are eligible for post-issuance proceeding, the PTAB is worthy of consideration as a forum to resolve many, if not most, non-litigation patent disputes. ■





**Eight Days Late, and an Exercise of  
Discretion Short — PTAB Refuses to  
Conform to an IPR Settlement**

**Charles W. Shifley**

***Banner & Witcoff PTAB Highlights***

***October 26, 2015***

BANNER&WITCOFF

# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

[bannerwitcoff.com](http://bannerwitcoff.com)

## Eight Days Late, and an Exercise of Discretion Short — PTAB Refuses to Conform to an IPR Settlement

By Charles W. Shifley

October 26, 2015 — 35 U.S.C. § 317(a) states that “[a]n *inter partes* review ... shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed.” 35 U.S.C. § 317(b) states that an agreement in writing “shall be filed before the termination.”

Under 37 C.F.R. § 42.74, “[t]he parties may agree to settle any issue in a proceeding.” The provision cautions, however, that “the Board is not a party to the settlement and may independently determine any question of jurisdiction, patentability, or Office practice.”

When reviewing its own actions, the Patent Trial and Appeal Board acknowledges that it has abused discretion when a decision has been based on an erroneous interpretation of law, a factual finding not supported by substantial evidence, or when a decision represents an unreasonable judgment in weighing relevant factors. It sometimes relies on *Arnold P’ship v. Dudas*, 362 F.3d 1338, 1340 (Fed.Cir. 2004), for its formulation of abuse of discretion.

Thus, PTAB proceedings can be settled, under both 35 U.S.C. § 317 and 37 C.F.R. § 42.74. And the Board can abuse discretion when it erroneously interprets law. Does 37 C.F.R. § 42.74, however, give the Board discretion to refuse to conform to an *inter partes* review (IPR) settlement? Or is refusal an abuse of discretion?

In one case, the Board refused to conform to a settlement because it had invested in the activity of deciding the merits and wanted to finish the decision. It did so even though it was informed of the settlement before the hearing, and even though it was given the final settlement papers a mere eight days after the hearing.

The case is *In Kinetic Technologies, Inc. v. Skyworks Solutions, Inc.*, IPR2014-00690. There, the Board addressed a settlement in a decision on October 19, 2015 (Paper 43). (The decision is cited here in the form, “Dec. x” where “x” is the page number of the decision.) By background, this IPR concerned a patent in litigation. Dec. 3. Skyworks, the patent owner, asserted patent infringement in U.S. district court. *Id.* Kinetic, the IPR petitioner, brought the validity of the patent into question in the IPR. *Id.* 2. The patent was directed to integrated electronic circuits, and the pins through which they interface electrically. *Id.* 3-6.

The Board conducted proceedings beginning when the IPR was filed, in 2014. On May 27, 2015, the parties informed the Board they had settled. *Id.* 2. The parties did this through a joint motion to terminate the proceeding. *Id.* This was before any hearing on the IPR, which was scheduled for June 4, 2015. *Id.* The parties asserted that termination was proper under 35 U.S.C. § 317(a), because theirs was a joint request of the petitioner and patent owner, and the Office had not decided the merits of the proceeding before their request for termination was filed. But on the day of their filing, the parties could not provide the Board final settlement papers, because, as they stated in their motion, they were still at that time “in the process of finalizing an agreement to settle.” Dec. 2 n. 1. The Board nevertheless did not defer the IPR oral hearing, did not demand the prompt filing of final settlement papers or otherwise save itself work, and instead conducted the hearing. *Id.* It went forward on June 4, 2015. *Id.* at 3.

A mere eight days later, on June 12, 2015, the parties renewed their joint motion to dismiss, and filed their settlement agreement. *Id.* at 20. The agreement, an IPR exhibit 2040, is not open for public inspection, but it was filed. See IPR2014-00690, listing item 98, at [https://ptabtrials.uspto.gov/prweb/PRWebLDAP2/HcI5xOSeX\\_yQRYZAnTXXCg%5B%5B\\*/!S TANDARD?UserIdentifier=searchuser](https://ptabtrials.uspto.gov/prweb/PRWebLDAP2/HcI5xOSeX_yQRYZAnTXXCg%5B%5B*/!S TANDARD?UserIdentifier=searchuser).

One might think the effect of 35 U.S.C. § 317(a) would have been termination of the proceeding, on or about June 12, 2015, with no further work by the Board. The statute states that “review ... shall be terminated ... upon ... joint request.” One could argue that the “shall” of the statute does not allow the Board to refuse termination. § 317(a) also states that termination shall happen unless the Office has “decided the merits” before the request for termination is filed. One could argue that the Board has not “decided the merits” unless a decision on the merits has been fully made, *finite*, done. In *Kinetic Technologies*, however, the Board wrote a final decision over the next four months and issued it. See Dec.1.

The sum total of what the Board stated about its actions and the reasons behind them were a statement of the facts, denial of the renewed motion to terminate, and this spare explanation of reasoning: “Based on the facts of this case and because the settlement was not concluded until after the oral hearing and we had substantially decided the merits of the proceeding, we exercise our discretion not to terminate this proceeding.” Dec. 20-21.

Without stating as much, the Board apparently reasoned that since it believed it had “*substantially* decided the merits of the proceeding (emphasis added)” by June 12, that caused the situation to fall within the exception of 35 U.S.C. § 317(a) that an IPR proceeding had to terminate due to a joint request “unless,” quoting 317(a), the Board had “decided” the merits of the proceeding before the request for termination was filed. The Board also apparently reasoned

that a motion of the parties to terminate the proceedings was not effectively filed until the parties filed their agreement. And further, the Board apparently did not view what it did in refusing to conform to the settlement agreement and mutual request to terminate as an abuse of discretion.

Most importantly, although not stated by the Board, is that § 317(a) itself concludes with a sentence that, “If no petitioner remains in the *inter partes* review, the Office *may* terminate the review or *proceed to a final written decision* under section 318(a)(emphasis added).” Thus, in any situation where a patent owner settles with all the petitioners, the PTAB may by its expressly granted discretion refuse to conform to a settlement.

What are the lessons from the case? Lesson No. 1: Don’t think that in all cases you can move to terminate an IPR and have success without actually filing a completed settlement agreement. Lesson No. 2: Don’t think you can wait until after a hearing to conclude the writing-up of a settlement that is in the works and having waited, avoid an IPR final decision — not even waiting as little as a mere eight days after a hearing, and not even with having alerted the Board before the hearing that settlement is coming — at least don’t think so with some of the administrative patent judges at the PTAB. Lesson No. 3: Don’t be eight days late, and an exercise of discretion short, in terminating an IPR proceeding by settlement, if you don’t want to risk the PTAB Board writing a final decision in the case. Lesson No. 4: Be aware that the PTAB judges have discretion to issue a final decision if you settle with everyone.

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board’s significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of PTAB Highlights.



**The Rules of the Post-Grant Game**

**Michael S. Cuvillo and  
Adam J. College**

***World Intellectual Property Review***

***November 5, 2015***

## The rules of the post-grant game

05-11-2015

Michael Cuiello and Adam College



ArtLight Production / Shutterstock.com

So that it can continue to keep up with the workload, the USPTO has proposed some changes to the PTAB's post-grant proceedings. Michael Cuiello and Adam College of Banner & Witcoff examine the pros and cons.

The Patent Trial and Appeal Board (PTAB) at the US Patent and Trademark Office (USPTO) has been quite busy over the past three years with new post-grant patent proceedings created by the America Invents Act. As of July 31, 2015, the PTAB had received more than 3,600 petitions for *inter partes* reviews (IPRs), post-grant reviews (PGRs), and reviews of covered business method (CBM) patents. Of these 3,600 cases, trials have been instituted in 1,576.

As it stands, the PTAB is resolving more than three petitions and one instituted trial per calendar day, and every case has been resolved—so far—within the one-year mandated timeframe and without needing to resort to the statutorily provided six-month ‘good cause’ extension or the safety-valve ‘cap’, which allows the patent office to limit the number of incoming petitions.

While the PTAB has done an admirable job of keeping pace with petition filings, which have increased year after year with no sign of slowing, the obvious question is whether it can keep up. The USPTO’s most recent proposal for rule changes to these proceedings may provide a clue to answering this question. Currently, a trial proceeding is conducted in two phases. First, a three-judge panel initially decides whether a petitioner has made a threshold showing to justify the institution of a full trial against the validity of a patent. If the showing is made, the same three-judge panel conducts a full trial in which evidence and arguments from the petitioner and patent owner are fully adjudicated.

In August, the USPTO requested public comment on a proposed rule which would have a single judge, instead of the current three-judge panel, determine whether to institute IPR, PGR, and CBM proceedings during the first phase. This proposed rule would not alter the size of the trial panel; if the single judge institutes the trial, the trial still will be adjudicated by three judges. The proposed rule does not include whether the single judge should be part of the final trial panel, and the USPTO seeks the public’s thoughts on this sub-question in its request for comments.

### **Is it fair?**

The desired effect on the PTAB’s workload is clear: more judges would be available to make trial-institution decisions and each judge should, in theory, be able to make decisions more quickly if freed from the shackles of having to persuade another judge to institute or decline proceedings. A speedy clearing of the incoming docket, however, should be carefully balanced against potential issues caused by having a single judge act as a gatekeeper to post-grant proceedings, even as an increasing number of petitions come down the pipe.

At the outset, there is a belief within the patent bar that one judge on the three-judge panel already takes a lead on reviewing each petition with the other two judges taking a less involved role. If this perception is correct, the proposed programme may simply formalise some aspects of the panels' current approach and any efficiency gains may not be as great as perceived. For the same reason, a significant reduction in the number of trial institution decisions and ultimate outcomes may not be seen if the programme is implemented. Nonetheless, the proposed programme may raise questions of fairness, either actually harming parties in PTAB proceedings or just creating perceptions that one party is favoured.

Consider the situation where there is a decision by a single judge not to institute a trial, which by statute would be final and not reviewable by any appeals court. The absence of two other judges to participate in the institution decision certainly suggests that institution decision errors could be more frequent, with no recourse to correct them other than to pursue a much more expensive lawsuit against the patent owner in district court to invalidate the claims. One way of possibly addressing this issue could be to permit a petitioner to request a rehearing before the full three-judge panel of a decision by a single judge not to institute a trial.

The patent owner may also experience unfairness during a single-judge-first phase. If a single judge erroneously decides to grant a trial, the patent owner must now shoulder the financial burden of defending its patents, although this harm to the patent owner is ameliorated partially by an upholding of the claims by the three-judge tribunal, as the petitioner is now estopped from raising certain challenges against what has been determined to be a valid patent.

Further complicating the issue is the fact that the USPTO is simultaneously proposing other new rules to PTAB proceedings without considering the interplay between them. For example, immediately before proposing the rule for a one-judge gatekeeper deciding whether to institute trials, the USPTO proposed another rule change permitting a patent owner to file expert testimony with its preliminary response during the institution phase.

“Allowing both parties to file expert testimony may seem fairer, but this proposal changes the very nature of the two-stage proceeding.”

As it stands, before institution of a trial, only the petitioner can file expert testimony with its petition. This is considered fair because the institution decision is only preliminary and if a trial is instituted the patent owner is given a full opportunity to contest the petitioner's arguments and provide its own expert testimony and additional arguments beyond those it presented with its preliminary response.



Under the additional proposed rule, both parties would be able to file expert testimony to be considered for the purpose of the institution decision, but no cross-examination of the experts would be provided until after the trial is instituted. Allowing both parties to file expert testimony may seem fairer, but this proposal changes the very nature of the two-stage proceeding by transforming the institution stage from an initial determination of whether the petitioner has made a threshold showing to a proceeding more similar to the actual trial, in which each party's evidence is judged against the other party's evidence. The transformation is evident when considering the possible outcomes under the current and proposed rules.

### **Possible outcomes**

Currently, when at least two judges of a three-judge panel decide at the institution stage that the petitioner has not even made a threshold showing when given the opportunity to present expert testimony without the patent owner being able to cross-examine the petitioner's expert and without the patent owner being able to present its own expert, there is high confidence in a decision not to institute being correct.

And, if the panel decides to institute the trial, even if in error, the effects of such an error are theoretically voided because the patent owner is given the opportunity during trial to present its full defence with its own expert testimony, and because each party is able to test the validity of the other's expert testimony through cross-examination. That is, under the current rules the institution stage is intended to be slanted in favour of the petitioner because it is meant only to measure whether the petitioner has presented sufficient arguments and evidence to proceed, without fully vetting those arguments and evidence.

Now consider the same scenarios, but with the proposed rule changes. In one such scenario, a single judge who might have otherwise decided to institute a trial based on the petitioner's expert testimony if considered alone could instead be persuaded by the patent owner's expert testimony to not institute the trial. In this scenario, if the single judge makes an error in law or fact, or if the patent owner's unchallenged expert testimony turns out to be unreliable or false, the result could be an unjust dismissal of a petitioner's case with no possibility of review, because such decisions not to institute trials are unchallengeable.

In the opposite scenario under the proposed rules in which the judge decides to institute the trial, theoretically any error during the institution stage would be corrected by the full trial, but the three-judge panel during the trial may in practice be deferential and less likely to 'overturn' the initial judge's decision to institute proceedings based on the notion that each side already had a 'fair' opportunity to present its case and evidence at the institution stage. In either of the

scenarios under the proposed new rules, there is the potential to drastically alter the structure of the proceedings away from the two-stage design that was originally intended by Congress.

The PTAB has been proactive and willing to modify its rules and procedures based on its experience and feedback from the public over the first three years of these proceeding, and in general the changes that have been implemented have been beneficial in providing a true alternative to the district court for invalidity challenges.

However, having a single gatekeeper judge for entry into the post-grant trial process and/or permitting patent owners to file expert declarations during the institution stage—even if it were ultimately to speed up that process—would need careful consideration in order to avoid the possible scenarios discussed above that could ultimately provide less fair proceedings.

We look forward to reading the comments and suggestions submitted to the USPTO by the public once they are released later this year and the USPTO's ultimate decision on implementing such rules to see whether such concerns are addressed.

*Michael CuvIELlo is a shareholder at [Banner & WitCOff](#). He can be contacted at: [mcuviello@bannerwitcoff.com](mailto:mcuviello@bannerwitcoff.com)*

*Adam College is an associate at [Banner & WitCOff](#). He can be contacted at: [acollege@bannerwitcoff.com](mailto:acollege@bannerwitcoff.com)*



**PTAB Holds Claims Invalid That  
Were Held to be Not Invalid in  
Litigation Appeal**

**Robert H. Resis**

***Banner & Witcoff PTAB Highlights***

***November 17, 2015***

BANNER&WITCOFF

# PTAB HIGHLIGHTS

New developments in post-issuance proceedings

[bannerwitcoff.com](http://bannerwitcoff.com)

## PTAB Holds Claims Invalid That Were Held To Be Not Invalid In Litigation Appeal

By [Robert H. Resis](#)

November 17, 2015 — The Patent Trial and Appeal Board recently held claims in two separate patents to be invalid that were previously held to be not invalid in a litigation appeal. In separate *inter partes* review proceedings, the PTAB held that the district court decision, affirmed by the Federal Circuit, upholding the validity of the claims did not control because the petitioner in the IPR presented additional prior art and declaratory evidence that was not before the court in the litigation. The IPR cases involved U.S. 6,316,023 and 6,335,031, which describe pharmaceutical compositions useful for treatment of Alzheimer’s disease. The IPR cases are identified below.

[IPR2014-00549 – \*Noven Pharmaceuticals, Inc. et al. v. Novartis AG et al.\* \(Paper 69\)\(PTAB, September 28, 2015\)](#) — held: claims 1, 2, 4, 5, 7, and 8 of U.S. 6,316,023 have been shown by a preponderance of the evidence to be unpatentable (obvious in view of a primary reference (Enz) and other prior publications). IPR2015-00265 filed by petitioner Mylan was joined with IPR2014-00549.

[IPR2014-00550 – \*Noven Pharmaceuticals, Inc. et al. v. Novartis AG et al.\* \(Paper 69\)\(PTAB, September 28, 2015\)](#) — held: claims 1, 2, 4, 5, 7, and 8 of U.S. 6,335,031 have been shown by a preponderance of the evidence to be unpatentable (obvious in view of Enz and other prior publications). IPR2015-00268 filed by petitioner Mylan was joined with IPR2014-00550.

In the ‘549 IPR, the Board noted that in another case involving patent owner Novartis, but not the petitioners Noven and Mylan, the district court held that claims 2 and 7 of the ‘023 patent and claims 3, 7, 13, 16 and 18 of the ‘031 patent are not invalid as obvious. *Novartis Pharm.*

*Corp. v. Par Pharm., Inc.*, 48 F. Supp. 3d 733 (D. Del. 2014), *aff'd*, *Novartis Pharm. Corp. v. Watson Labs, Inc.*, \_\_\_ F. App'x \_\_\_, Nos. 2014-1799 et al., 2015 WL 2403308 at \*5-8 (Fed. Cir. May 21, 2015) (*Watson*). The Board stated that the Federal Circuit's *Watson* decision does not control here because Noven has presented additional prior art and declaratory evidence that was not before the Court in *Watson*. The Board also noted the petitioner's preponderance of the evidence burden in the IPR being different than the clear and convincing evidence burden of proving unpatentability required in the district court litigation. "Thus, while we have considered the Federal Circuit's decision, we have independently analyzed patentability of the challenged claims based on the evidence and standards that are applicable to this proceeding."

The Board held that the petitioner had shown a reasonable likelihood that independent claims 1 and 7 of the '023 patent were unpatentable over Enz in view of a secondary reference (Saski). The petitioner asserted that Enz taught a composition that met every limitation claims 1 and 7, except for the addition of an antioxidant. The petitioner relied on the declaration testimony of Dr. Kydonieus, which asserted that Saski provided a person of ordinary skill in the art (POSITA) a reasonable expectation that the rivastigmine transdermal patch taught by Enz would be unstable during long-term storage of two to three years. The petitioner asserted that using Enz serves as a starting point for formulating a rivastigmine transdermal patch and that a POSITA would have strived to develop stable pharmaceutical products with a commercially viable shelf life. In furtherance of that goal, the petitioner and Dr. Kydonieus asserted that one of the first steps a POSITA would have taken when formulating a drug product is to investigate the stability of the active component, and that Saski informs of that investigation. In particular, petitioner asserted that Saski teaches that compounds having an amino group can undergo oxidative decomposition over the shelf life of the product when the product comprises an acrylic adhesive. According to the petitioner and Dr. Kydonieus, based on that teaching of Saski, a POSITA would have expected Enz's transdermal patch to be unstable during long-term storage because it comprised a drug having an amino group, i.e., rivastigmine, and was formulated with an acrylic polymer adhesive. The petitioner further asserted that a POSITA would have been motivated to add an antioxidant, particularly tocopherol, as recited in claim 2 of the '023 patent, to Enz's rivastigmine transdermal composition with a reasonable expectation of maintaining the stability of the patch during long-term storage, as this is the precise solution disclosed in Saski.

The patent owner argued that Saski did not teach or suggest any oxidative degradation problem for rivastigmine, and therefore a POSITA would not have been motivated to include an antioxidant in the rivastigmine transdermal formulation disclosed in Enz. After considering the record as a whole, the Board sided with the petitioner. The Board stated that the patent owner and its declarant have mistakenly disregarded the suggestion provided by the combined prior art that a compound having an amine group and formulated with an acrylic plaster is susceptible to oxidative degradation. "It is this susceptibility, i.e., a predicted potential for oxidative degradation, that provides the skilled artisan with a reasonable expectation that the formulation

will oxidatively degrade and the motivation to address that problem by employing a means known to avoid that problem, such as adding an antioxidant, as taught by Saski.”

In the ‘550 IPR, the Board made similar holdings in connection with claims of the ‘031 patent.

*The Leahy-Smith America Invents Act established new patent post-issuance proceedings, including the inter partes review, post grant review and transitional program for covered business method patents, that offer a less costly, streamlined alternative to district court litigation. With the U.S. Patent and Trademark Office’s Patent Trial and Appeal Board conducting a large and increasing number of these proceedings, and with the law developing rapidly, Banner & Witcoff will offer weekly summaries of the board’s significant decisions and subsequent appeals at the U.S. Court of Appeals for the Federal Circuit.*



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of PTAB Highlights.



**Which is Better — Patent Arbitration  
or Patent Post-Issuance  
Proceedings?**

**Charles W. Shifley**

***IP Litigator***

***December 15, 2015***



NOVEMBER/DECEMBER 2015

VOLUME 21 NUMBER 6

DEVOTED TO  
INTELLECTUAL  
PROPERTY  
LITIGATION &  
ENFORCEMENT

*Edited by Gregory J. Battersby  
and Charles W. Grimes*

# IP *Litigator*

 Wolters Kluwer



---

# Praxis

---



## Arbitration

Charles W. Shifley

### Which Is Better— Patent Arbitration or Patent Postissuance Proceedings?

Tom Brady, New England Patriots quarterback, seemingly has won his dust-up with the National Football League over the air pressure in footballs. Brady received a four-game suspension after an NFL investigation of “Deflategate,” where Brady was accused of using footballs with lower air pressure than allowed by NFL rules in order to gain an unfair advantage.

Brady, however, did not accept the sacking and, instead, filed for arbitration. He lost, but was still not out. He headed to court, where a judge acknowledged that the arbitration was due the court’s respect and deference. The court, however, still freed Brady because the quarterback was not informed that he could be disciplined for misconduct, and because his lawyers only were allowed to cross-examine one of the two lead NFL investigators and could not dig into the NFL’s investigative files.

However, even as *Sports Illustrated* trades in “Deflategate” for “Elategate,” Yogi Berra, a sports figure from baseball, taught us that, “It ain’t over ‘til it’s over.” The NFL has appealed, and the case goes on.

What does any of this have to do with intellectual property, and more specifically, patents? The simple answer is: a lot. In the Fall

2014 Corporate Counsel article, “Goodbye Patent Arbitration?” this author advanced the opinion that in the near future, the arbitration of patent disputes may wither away and die because the US Patent and Trademark Office Patent Trial and Appeal Board’s (PTAB) *inter partes* review, postgrant review, and covered business method proceedings may take over the role of arbitration for those who want nonlitigation resolutions of patent disputes.

This “wither and die” conclusion was controversial enough that it was taken to task in the American Bar Association July/August 2015 Landslide article, “Patent Arbitration: It Still Makes Good Sense.” The author, patent arbitrator Peter Michaelson, took a position that the business he is in, arbitrating patent disputes, makes good sense.

So, which is better for deciding patent disputes—patent arbitration or PTAB proceedings? You be the referee. Compare Mr. Michaelson’s concessions and the NFL-Brady arbitration experience with the facts of postgrant proceedings in the PTAB, to decide where patent disputes should be taken.

To start, Mr. Michaelson’s “Good Sense” article admits that “[p]ost-grant proceedings [are] certainly expeditious and cost effective.” Compare, then, the admittedly “expeditious and cost effective” PTAB proceedings with the NFL-Brady arbitration experience, and score one for PTAB proceedings. Two of the three reasons Brady’s judge cited for reversing

the arbitration decision involve matters that always complicate, in time and money, the currently existing arbitration proceedings that practically duplicate litigation.

The two matters are exploratory witness examinations and document discovery. As in the “Goodbye Patent Arbitration?” article, current arbitration includes both of these as typical American Arbitration Association procedures, which are time-consuming and expensive. The procedures and arbitrator predilections lead to extended facts and expert witness depositions and forced exchanges of volumes of documents.

The Michaelson article continues that “[a]necdotally, initiating a [PTAB] proceeding, and often just a credible threat of doing so, present[s]...an effective ‘club’ to reach early settlements of infringement disputes at markedly less cost...” Score two, and maybe three, for the PTAB. The NFL apparently cannot do anything to get Brady into settlement, just as many parties in patent arbitration go the distance in trying their cases.

“Good Sense” goes on: “Where patent validity is the dispositive issue in dispute, the relative low cost and quick pendency of a post-grant proceeding make it a rather attractive litigation substitute... Where... factors [of concerns beyond validity] do not exist, such a proceeding may be ideal.” Scores are piling up for the PTAB! Admittedly, a loser in PTAB proceedings can take an appeal to the US Court of Appeals for the Federal Circuit, but that court, unlike Brady’s judge, will not mouth deference and yet undercut the PTAB. Except for patent claim interpretation, which has been reversed for being overbroad at least once, and unless the case involves interpretation of law, which is considered anew, the Federal Circuit will apply a highly deferential standard of review to PTAB decisions. Michaelson states that the advantages of litigation, as

---

opposed to arbitration, “are grossly outweighed by the deficiencies” of litigation, but acknowledges that “in its default mode, patent arbitration closely mirrors litigation with all its principal deficiencies.” Runaway scoring for the PTAB! Would that it were true that patent arbitration did not turn out like litigation, as the article asserts it need not.

It is true that it need not. But too often patent arbitration is directed by one side to be just like litigation, because that side has resolved to drive up costs to provoke settlement. That happens even when the patent owner is in a supplier-customer relationship, even when the patent owner is a substantial supplier of other products to the alleged infringer. In many cases, the supplier-customer relationship is not respected and the potential win of a split-the baby, or better, arbitration award, is too much to allow for good sense to rule.

Sometimes even arbitrators themselves make arbitration more like litigation, as they exert themselves to organize their decisionmaking

through requirements of early initial disclosures; discovery, including document disclosure requirements, depositions, claim construction proceedings, summary judgment motions; and pretrial, all before a trial in a distant future. They seem to think that is the way it is done because that is the way arbitration rules suggest it be done, and that was the way of litigation when they were advocates.

Experience over many years teaches us that more likely than not, the dispositive issue of a patent dispute is patent validity—the issue of whether the asserted patent claims are valid at the extremity of scope that the patent owner typically is asserting. The patent’s embodiments of invention often have been left behind and the claim terms broadened almost as to be unrecognizable.

The PTAB with its broadest reasonable interpretation approach to patent scope is ideal for decisions in such situations. Once broad claims are canceled or confirmed, the dispute is over. The alleged infringer moves on either way. Sales can

continue with the relevant patent claims canceled, or if the validity of the challenged claims is upheld, a new product can be introduced and the case of past damages boxed in and settled.

As with all conclusions based on opinions, there will be instances for which the conclusion of this article is wrong. For example, the occasional obstinate infringer of valid patents is admitted. In some situations, post-issuance proceedings may not be available, or the prior art may not be killer prior art. But if the patents at issue are eligible for postissuance proceeding, the PTAB is worthy of consideration as a forum to resolve many, if not most, nonlitigation patent disputes.

---

*Charles W. Shifley is a principal shareholder at Banner & Witcoff, Ltd. in Chicago, IL. He has served as lead and cocounsel in numerous successful IP trials and appeals for Fortune 100 (and other) companies nationwide.*

# **Prosecution**



**Patenting Strategies in the Biodiesel  
Industry**

**Benjamin C. Spehlmann**

***Biodiesel Magazine***

***January 6, 2015***



## Patenting Strategies in the Biodiesel Industry

Obtaining a desirable scope of coverage, as defined by patent claims, involves a number of important considerations. Being mindful of these points can improve the chances of effectively protecting a biodiesel process or product technology.

By Benjamin C. Spehlmann | January 06, 2015

Accompanying the expanding number of process innovations in the biodiesel arena is a healthy growth in the intellectual property positions being carved out by participants. About 70 percent of the U.S. patents in this industry have been issued within the past four years, providing an increasingly growing landscape in which to protect new processes and equipment. Obtaining a desirable scope of coverage, as defined by patent claims, involves a number of important considerations.



Benjamin C. Spehlmann

**Appreciating the State of the Art.** A patentable invention must be deemed novel and nonobvious, relative to the current state of the art. The patent office frequently deems that this “prior art” includes not only the numerous patent and literature publications recently available in the biodiesel industry, but also the well-established technologies for processing fossil fuels. Inventors should therefore recognize key differences relative to practices in the refining and petrochemical fields. For example, the very low sulfur content of a raw bio-oil may be associated with the discovery of different catalysts and/or milder operating conditions, compared to those required for similarly upgrading a counterpart, crude oil fraction. In this case, the specific types of catalysts and operating conditions, and a description as to how they differ from the art-recognized standards, should be documented in an invention disclosure.

**Claiming Advantages over Features.** The mere fact that some process or product feature is unknown in the prior art typically cannot, without more, overcome the nonobviousness hurdle to a patent award. Patent examiners frequently cite legal propositions relating to “obvious design choices” and “routine optimization” in concluding that a given modification, such as a new operating Feature X (e.g., one or a combination of process conditions such as temperature, pressure, reactor residence time, etc.), cannot be patented.

But suppose it is newly discovered that Feature X leads to reduced byproduct yields. If Feature X alone is incorporated into a patent claim to a process, it could be dismissed as an obvious modification, based on any suggestion in the prior art leading to operating Feature X, for example, the need to compensate for a different feedstock composition. However, claiming Feature X together with its associated process advantage, namely a decreased percentage of byproduct yield, presents a much stronger case for patentability. Similarly, claiming Feature X together with some related advantage, such as a defined reduction in posttreatment operating severity or energy input (due to the reduced byproducts), provides a separate way to potentially patent the invention. On this point, it is always beneficial to present alternate claim formats, as some claim limitations may be harder to prove were known in the prior art (rendering the claim more difficult to invalidate), whereas other claim limitations may be easier to demonstrate are infringed by a competitor’s practices.

Numerical ranges that quantify any and all advantages are valuable, because qualitative statements alone (e.g., improved throughput) may not be deemed to describe the invention with sufficient definiteness. Where possible, examples should be added that experimentally confirm the defined values.

## Join Our Mailing List

GO

Privacy by  SafeSubscribe<sup>SM</sup>

ADVERTISEMENT



**MN AG EXPO 2015**  
MINNESOTA CORN GROWERS ASSOCIATION | MINNESOTA SOYBEAN GROWERS ASSOCIATION  
**January 28-29, 2015**  
Verizon Wireless Center | Mankato, MN  
Visit [www.mnagexpo.com](http://www.mnagexpo.com) for more information!

ADVERTISEMENT



The Largest Biomass Conference in North America  
**INTERNATIONAL BIOMASS CONFERENCE & EXPO**  
a BBI International event  
**April 20-22, 2015**  
Minneapolis Convention Center, Minneapolis, MN  
[www.BiomassConference.com](http://www.BiomassConference.com)

2014 Attendees including those from 41 Countries,  
48 U.S. States, 8 Canadian Provinces

<b>41</b> Countries	<b>48</b> U.S. States	<b>8</b> Canadian Provinces
------------------------	--------------------------	--------------------------------

**INCREASE EXPOSURE**  
Limited Number of Sponsorships Available.  
Don't Wait, Become a Sponsor Today

**View Sponsorships Available**

**Explaining the Invention in the Patent Specification.** A well-drafted patent application does more than simply describe a process or product and list a large number of associated embodiments or aspects. It conveys the importance of the invention in terms of addressing known problems and conferring benefits that could not have been appreciated from knowledge of the prior art. This leaves the practitioner prosecuting the application before the patent office (who may not have drafted the application) with arguments and evidence supporting the patentability of the invention, and with little doubt as to inventor’s overall motivation for seeking patent protection.

Being mindful of these points can improve the chances of effectively protecting a biodiesel process or product technology, with a claim scope encompassing foreseeable activities of competitors attempting to design around the patent. Value derived from strong patents will benefit the technology developer as well as other stakeholders in a venture, including investors, licensees and end users.

**Author:** Benjamin C. Spehlmann  
Attorney, Banner & Witcoff Ltd.  
202-824-3000  
bspehlmann@bannerwitcoff.com

## Related Articles

---

 [Business Briefs](#)

 [Patenting Strategies in the Biodiesel Industry](#)

 [Preview: the January/February issue of Biodiesel Magazine](#)

 [REG, Neste settle patent lawsuits, enter into license agreement](#)

 [Amyris renewable jet fuel receives regulatory approval in Brazil](#)

0 Responses

---

Leave a Reply

---

*Biodiesel Magazine encourages encourages civil conversation and debate. However, we reserve the right to delete comments for reasons including but not limited to: any type of attack, injurious statements, profanity, business solicitations or other advertising.*

Comment

Your Name

Your Email

To prevent spam please solve this simple math problem below



***Akamai v. Limelight:* Federal Circuit  
Limits Direct Infringement of  
Method Claims**

**Jeffrey H. Chang**

***Banner & Witcoff Intellectual  
Property Alert***

***May 22, 2015***





## Intellectual Property Alert:

### *Akamai v. Limelight*: Federal Circuit Limits Direct Infringement of Method Claims

By Jeffrey Chang

May 22, 2015 – On remand from the Supreme Court, the Federal Circuit held that Limelight did not directly infringe an asserted method claim under 35 U.S.C. § 271(a) because the “sweeping notions of common-law tort liability” do not apply to direct infringement, and Limelight did not direct or control the actions of its customers who carried out some of the method steps.

#### **Procedural History**

U.S. patent 6,108,703 (‘703 patent) claims a method of delivering Internet content via a content delivery network (CDN). Limelight performed some of the steps of ‘703 patent method claim, and Limelight’s customers performed the remaining steps. In an initial opinion dated December 20, 2010, a panel of the Federal Circuit held that Limelight did not directly or indirectly infringe because Limelight did not perform all of the method steps, and the steps performed by its customers could not be attributed to Limelight.

After the initial opinion was vacated, the Federal Circuit heard the appeal *en banc*. In the *en banc* opinion dated August 31, 2012, the Federal Circuit dodged the question of direct infringement, but decided that a defendant could be liable for inducing infringement of a patent under § 271(b) even if no one directly infringed under § 271(a).

On June 2, 2014, the Supreme Court reversed and held that a defendant is not liable for inducing infringement of a patent under § 271(b) if no one directly infringes the patent under § 271(a) or any other statutory provision. The Supreme Court remanded for the Federal Circuit to decide whether Limelight committed direct infringement under § 271(a).

#### **No Direct Infringement Because Method Steps Not Performed by a Single Entity**

Rejecting Akamai’s arguments, the Federal Circuit stated that § 271(a) does not incorporate joint tortfeasor liability. Instead, direct infringement of a method claim exists when all of the steps are performed by (or attributed to) a single entity, such as “in a principal-agent relationship, in a



contractual arrangement, or in a joint enterprise.” Finding that Limelight and its customers were not a single entity, the court held that Limelight was not liable for direct infringement under § 271(a):

1. *No Principal-Agent Relationship*: The actions of the customers could not be attributed to Limelight because the customers controlled and directed what content would be delivered by Limelight’s CDN, even though Limelight provided the customers with written instructions explaining how to use Limelight’s service. Therefore, a principal-agent relationship did not exist between Limelight and its customers.
2. *No Contractual Arrangement*: The form contract between Limelight and its customers did not *obligate* the customers to perform the claimed method steps. Rather, the contract only explained to customers the steps they would have to perform *if* they used Limelight’s service. Therefore, Limelight and its customers did not have a contractual arrangement requiring performance of all the steps of the method claim.
3. *No Joint Enterprise*: The court explained that this case did not implicate enterprise liability, which requires “(1) an agreement, express or implied, among the members of the group; (2) a common purpose to be carried out by the group; (3) a community of pecuniary interest in that purpose, among the members; and (4) an equal right to a voice in the direction of the enterprise, which gives an equal right of control.”

## **Dissent**

In her dissent, Judge Moore stated that “[t]he majority’s rule creates a gaping hole in what for centuries has been recognized as an actionable form of infringement.” Instead, Judge Moore argued that direct infringement under § 271(a) includes joint tortfeasors, i.e., “multiple entities acting in concert pursuant to a common plan or purpose.” Relying on dictionary definitions, the Dictionary Act, and the use of the term “whoever” in other sections of the same statute, Judge Moore argued that the term “whoever” used in § 271(a) encompasses multiple entities.

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)



**USPTO Announces Expedited Patent  
Appeal Pilot Program**

**Paul M. Rivard**

***Banner & Witcoff Intellectual  
Property Alert***

***June 16, 2015***



## Intellectual Property Alert: USPTO Announces Expedited Patent Appeal Pilot Program

By [Paul M. Rivard](#)

June 16, 2015 — Yesterday, the United States Patent and Trademark Office announced the “Expedited Patent Appeal Pilot” to provide a temporary basis for an applicant to have an *ex parte* appeal to the Patent Trial and Appeal Board accorded special status (advanced out of turn). To take advantage of the pilot program, the applicant would need to withdraw an appeal in another application in which an *ex parte* appeal was also pending before the PTAB.

According to the USPTO, the pilot program will allow applicants with multiple *ex parte* appeals currently pending “to have greater control over the priority with which their appeals are decided and reduce the backlog of appeals pending before the Board.”

The pilot program starts on Friday, June 19. It will continue until 2,000 appeals have been accorded special status or until June 20, 2016, whichever occurs earlier.

Please click [here](#) to read the *Federal Register* notice announcing the program.

To subscribe or unsubscribe to this Intellectual Property Advisory, please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.



**The USPTO Announces Additional  
Guidelines for Determining Subject  
Matter Eligibility Under 35 U.S.C.  
§ 101**

**Brian J. Emfinger**

***Banner & Witcoff Intellectual  
Property Alert***

***August 13, 2015***



## Intellectual Property Alert: The USPTO Announces Additional Guidelines for Determining Subject Matter Eligibility Under 35 U.S.C. § 101

By **Brian J. Emfinger**

August 13, 2015 — On July 30, 2015, the United States Patent and Trademark Office issued additional guidelines for use by USPTO personnel in determining subject matter eligibility under 35 U.S.C. § 101. These additional guidelines follow the public comments provided in response to the 2014 Interim Patent Eligibility Guidance the USPTO issued in December 2014 (the 2014 Interim Guidance).

The July 2015 Update on Subject Matter Eligibility (the July 2015 Update) and accompanying materials offer much for practitioners to consider in preparing responses to subject matter rejections under § 101. Rather than provide an in-depth discussion of the various analyses and explanations included therein, this alert provides a summary of the new materials and highlights relevant clarifications to the subject matter eligibility analysis.

The USPTO is again accepting public comments on these new guidelines until October 28, 2015, which commenters may email to [2014\\_interim\\_guidance@uspto.gov](mailto:2014_interim_guidance@uspto.gov).

### **Overview**

The July 2015 Update responds to various themes of the public comments received including:

- requests for additional examples of claims directed to abstract ideas and laws of nature,
- further explanation of the markedly different characteristics (MDC) analysis,
- further explanation with respect to how examiners identify abstract ideas,
- clarification of the requirements of a *prima facie* case of unpatentability under § 101 and the role of evidence in subject matter rejections, and
- clarification of the role of preemption and the streamlined analysis in the subject matter eligibility analysis.

The USPTO also issued three appendices as well as a quick reference sheet to supplement the July 2015 Update.<sup>1</sup>

### **Additional Examples of Claims Directed to Abstract Ideas and Laws of Nature**

The additional examples included in the July 2015 Update supplement the previous examples the USPTO has provided and provide further explanations for determining whether a claim recites “significantly more” than a judicial exception.

The July 2015 Update includes seven additional examples that are generally directed to business methods, graphical user interfaces, and software.

In view of recent judicial developments, the USPTO is currently working on further examples related to the fields of biotechnology and diagnostic methods as well as methods directed to laws of nature and natural phenomena.

Each of the seven examples included in Appendix 1, provide sample claim language and corresponding explanations for determining whether a claim recites significantly more than a judicial exception.

The examples, numbered 21–27, include claims directed to:

- the transmission of stock quote data,
- a graphical user interface for meal planning,
- a graphical user interface for relocating obscured textual information,
- updating alarm limits,
- rubber manufacturing, and
- an internal combustion engine.

Practitioners will likely find the explanations that accompany these examples useful for analogizing or distinguishing their own claims.

---

<sup>1</sup> The July 2015 Update Appendix 1: Examples (Appendix 1) provides additional examples of claims that would be eligible or ineligible under the familiar two-step Mayo test for subject matter eligibility along with corresponding explanations.

The July 2015 Update Appendix 2: Index of Eligibility Examples (Appendix 2) provides a comprehensive listing of all examples the USPTO has provided to date along with the conclusions for each step of the subject matter eligibility analysis.

The July 2015 Update Appendix 3: Subject Matter Eligibility Court Decisions (Appendix 3) provides a listing of selected Supreme Court and Federal Circuit decisions addressing subject matter eligibility and an indication of whether the claims at issue were deemed to recite eligible or ineligible subject matter.

The July 2015 Update: Interim Guidance Quick Reference Sheet (July 2015 Quick Reference Sheet) summarizes the information in the July 2015 Update and provides categorized listings of the concepts courts have deemed to be abstract ideas.

One particularly relevant point emphasized that, even if a claim element recites a generic computer component performing a generic computer function, that claim element can amount to significantly more than a judicial exception when considered in combination with the other elements of the claim.

The USPTO also confirmed that the requirement to consider claim elements both individually and in combination is a vital part of determining whether a claim, as a whole, amounts to significantly more than a judicial exception.

### **Markedly Different Characteristics Analysis**

Practitioners may recall from the 2014 Interim Guidance that the MDC analysis seeks to determine whether a claim reciting a nature-based product limitation is directed to a judicial exception, *e.g.*, a “product of nature.”

As explained in the 2014 Interim Guidance, a claim reciting a nature-based product limitation recites the judicial exception of a “product of nature” when that limitation “does not exhibit markedly different characteristics from its naturally occurring counterpart in its natural state.”

In response to requests for clarification regarding the MDC analysis, the USPTO clarified that examiners should employ the MDC analysis to determine whether a claim is directed to a judicial exception. Accordingly the USPTO confirmed that Step 2A of the two-part *Mayo* test should include an MDC analysis for claims reciting a nature-based product limitation.

By retaining the MDC analysis in Step 2A, examiners should conclude that claims recite patent-eligible subject matter as soon as it is determined that any nature-based product recited in those claims have markedly different characteristics from any naturally occurring products.

Practitioners can find detailed explanations as to when nature-based products have markedly different characteristics in the Nature Based Product Examples the USPTO provided in conjunction with the 2014 Interim Guidance.

### **Identifying Abstract Ideas**

The July 2015 Update again acknowledges that the courts have not provided a clear definition of “abstract idea.” Accordingly the July 2015 Update reiterates the instruction from the 2014 Interim Guidance to determine whether a claim is directed to an abstract idea by way of comparison to concepts courts have already found to be abstract.

Notably, the July 2015 Update goes even further by indicating that examiners should not conclude a claimed concept is abstract **unless** it is similar to at least one concept that courts have previously identified as an abstract idea.

On the other hand, the July 2015 Update notes that novelty alone cannot save a claim directed to a judicial exception—noting that both old, long-prevalent concepts as well as new concepts and discoveries may be directed to judicial exceptions, *e.g.*, abstract ideas, laws of nature, or products of nature.

The July 2015 Quick Reference Sheet includes a listing of those concepts courts have identified to be abstract ideas, which fall into one of four categories: “fundamental economic practices,” “certain methods of organizing human activity,” “an idea ‘of itself,’” and “mathematical relationships/formulas.” The July 2015 Update clarifies what each of these categories is intended to include.

“Fundamental economic practices” refer to the economy and commerce and include agreements in the form of contracts, legal obligations, and business relations. In addition, the July 2015 Update clarifies that the term “fundamental” does not necessarily refer to what is old or well-known but rather what is foundational or basic.

“Certain methods of organizing human activity” refer to inter- and intra-personal activities and include managing relationships or transactions between people; social activities; human behavior; satisfying or avoiding legal obligations; advertising, marketing, or sales activities; and managing human mental activity.

“An idea ‘of itself’” refers to ideas that stand alone such as uninstantiated concepts, plans, and schemes as well as processes that could be performed in the human mind or with pen and paper.

“Mathematical relationships/formulas” were noted to also include mathematical algorithms and calculations.

### **Requirements of a *Prima Facie* Case of Unpatentability Under § 101 and the Role of Evidence**

The July 2015 Update also clarifies the requirements for establishing a *prima facie* case of unpatentability on the basis of patent-ineligible subject matter.

In order to establish a *prima facie* case of unpatentability, an examiner must provide the applicant sufficient notice to be able to effectively respond by:

- identifying the judicial exception recited in the claim and explaining why it is considered an exception, and
- identifying any additional elements recited in the claim and explaining why those elements do not amount to significantly more than the exception identified.

The examiner’s rationale may be based on knowledge generally available to those skilled in the art, case law precedent, the applicant’s own disclosure, and evidence. Accordingly the USPTO appears to suggest that an examiner’s rationale is not required to be based on evidence.

With respect to the role of evidence in determining subject matter eligibility, the July 2015 Update notes that courts consider this determination to be a question of law, which limits evidentiary review to the record created during prosecution. For this reason—at least according to the USPTO—any documents the Supreme Court considered in reaching its decisions in *Bilski* and *Alice* do not qualify as evidence.



Regarding computer-implemented innovations, the July 2015 Update also clarifies how examiners should determine whether claims qualify as significantly more than a judicial exception. Practitioners may again recall that the 2014 Interim Guidance indicated that claims do not qualify as significantly more than a judicial exception when those claims are deemed to require no more than a generic computer performing well-understood, routine, and conventional functions.

Like abstract ideas, the July 2015 Update instructs examiners to rely on the computer functions the courts have recognized as well-understood, routine, and conventional, which include:

- performing repetitive calculations,
- receiving, processing, and storing data,
- electronically scanning or extracting data from a physical document,
- electronic record keeping,
- automating mental tasks, and
- receiving or transmitting data over a network such as the Internet.

Of particular note for practitioners, the July 2015 Update acknowledges that not all computer functions are well-understood, routine, and conventional. Even more notable perhaps, is the acknowledgement that a claim reciting a generic computer component performing a generic computer function is not necessarily patent ineligible. Claims that recite generic computer components which, in combination, are able to perform non-generic functions can amount to significantly more than an abstract idea and thus qualify as patent-eligible subject matter.

With respect to the role of evidence in determining whether any additional elements recited in the claim are well-understood, routine, and conventional, the USPTO again appears to suggest that evidence is not needed to support an examiner's determinations. Instead the USPTO deems such determinations to be appropriate for judicial notice. The July 2015 Update cautions examiners, however, from rejecting claims based on official notice unless they can readily conclude, relying on their expertise, that the additional elements recited in a claim do not amount to significantly more than the judicial exception.

### **The Role of Preemption and the Streamlined Analysis**

The July 2015 Update confirms that the streamlined eligibility analysis will be retained as part of the subject matter eligibility analysis. Practitioners will recall that the streamlined eligibility analysis provides the opportunity to avoid the full two-step *Mayo* test where the subject matter eligibility of a claim is self-evident.

Notably, however, the USPTO appears to foreclose the argument that a claim recites patent-eligible subject matter where that claim does not preempt all possible implementations of a judicial exception. In other words, a complete absence of preemption does not guarantee a claim recites patent-eligible subject matter.

## Useful Links

[Federal Register Notice: July 2015 Update on Subject Matter Eligibility](#)

[July 2015 Update: Subject Matter Eligibility](#)

[July 2015 Update Appendix 1: Examples](#)

[July 2015 Update Appendix 2: Index of Eligibility Examples](#)

[July 2015 Update Appendix 3: Subject Matter Eligibility Court Decisions](#)

[July 2015 Update: Interim Eligibility Guidance Quick Reference Sheet](#)

[Federal Register Notice: 2014 Interim Guidance on Patent Subject Matter Eligibility](#)

[2014 Interim Eligibility Guidance Quick Reference Sheet](#)

[Nature-Based Product Examples](#)

[Abstract Idea Examples](#)

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.



***Akamai v. Limelight*: Federal Circuit  
Finds Direct Infringement of Method  
Claims Where Steps Performed by or  
Attributable to Single Entity**

**Jeffery H. Chang**

***Banner & Witcoff Intellectual  
Property Alert***

***August 18, 2015***



## Intellectual Property Alert:

### *Akamai v. Limelight*: Federal Circuit Finds Direct Infringement of Method Claims Where Steps Performed by or Attributable to Single Entity

By [Jeffrey H. Chang](#)

August 18, 2015 — A unanimous *en banc* Federal Circuit held that, despite some of the claimed method steps being performed by Limelight’s customers, substantial evidence supported the jury’s finding that Limelight directly infringed a method claim because (1) Limelight conditioned use of its content delivery network upon customers’ performance of the remaining method steps, and (2) Limelight established the manner and timing of the customers’ performance of the steps.

#### **Procedural History**

U.S. Patent No. 6,108,703 (‘703 patent) claims a method of delivering Internet content via a content delivery network (CDN). Limelight performed some of the steps of the ‘703 patent method claim, and Limelight’s customers performed the remaining (tagging and serving) steps.

In an initial opinion dated December 20, 2010, a panel of the Federal Circuit held that Limelight did not directly or indirectly infringe because Limelight did not perform all of the method steps, and the steps performed by its customers could not be attributed to Limelight. The Federal Circuit vacated the initial opinion and heard the appeal *en banc*. In the *en banc* opinion dated August 31, 2012, the Federal Circuit dodged the question of direct infringement, but decided that a defendant could be liable for inducing infringement of a patent under § 271(b) even if no one directly infringed under § 271(a).

On June 2, 2014, the Supreme Court reversed and held that a defendant is not liable for inducing infringement of a patent under § 271(b) if no one directly infringes the patent under § 271(a) or any other statutory provision. The Supreme Court remanded for the Federal Circuit to decide whether Limelight committed direct infringement under § 271(a). On May 13, 2015, a divided Federal Circuit panel found that Limelight was not liable for direct infringement under § 271(a) because not all of the steps of the ‘703 patent method claim could be attributed to Limelight. In particular, the panel determined that there was no principal-agent relationship, no contractual arrangement, and no joint enterprise between Limelight and its customers. The Federal Circuit subsequently granted Akamai’s petition for another rehearing *en banc* and vacated the panel’s May 13 decision.

## **Limelight Directly Infringed Method Claim Because All Steps Performed by or Attributable to Limelight**

Sitting *en banc* for a second time in this case, the unanimous Federal Circuit clarified that direct infringement under § 271(a) is not limited “to principal-agent relationships, contractual arrangements, and joint enterprise, as the vacated panel decision held.” Instead, an entity can be liable for direct infringement of a method claim if all steps are either performed by or attributable to the entity. Under this standard, the Federal Circuit concluded that liability can also be found if:

- 1) the “alleged infringer conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method,” and
- 2) the alleged infringer “establishes the manner or timing of that performance.”

The court determined that Limelight met both conditions and thus infringed the ‘703 patent. First, the court found that substantial evidence supported the finding that Limelight conditioned the use of its product on the customer performing the claimed tagging and serving steps. In particular, Limelight’s contract with customers delineated the steps (including the tagging and serving steps) that the customers must perform in order to use Limelight’s service.

Second, the court found that substantial evidence supported the finding that Limelight established the manner and timing of performance of the claimed steps. After a customer agreed to Limelight’s terms, Limelight would send the customer a welcome letter instructing the customer how to use Limelight’s service. The welcome letter would include the hostname assigned by Limelight that the customer would integrate into the customer’s webpage, as well as step-by-step instructions explaining how to integrate that hostname into the webpage. Customers could not use Limelight’s service without following those steps. Therefore, the Federal Circuit held that the steps performed by the customers were attributable to Limelight and that Limelight directly infringed the ‘703 patent.

Please click [here](#) to read the opinion.

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.



**Rebutting 101 Rejections Asserting  
'Idea of Itself': Part 1**

**Brian J. Emfinger**

***Law360 Expert Analysis***

***October 2, 2015***

# Rebutting 101 Rejections

## Asserting 'Idea Of Itself': Part 1

Law360, New York (October 2, 2015, 11:09 AM ET) --

The examination of patent claims for subject matter eligibility under 35 U.S.C. § 101 is in a state of flux. Following the U.S. Supreme Court's decision in Alice Corp. v. CLS Bank, Int'l., twice now has the U.S. Patent and Trademark Office published guidance for patent examiners to follow when determining whether claims recite patent-eligible subject matter.

Each new guideline affords new bases for practitioners and applicants to rebut rejections under § 101. The most recent guidance, published in July, includes further information regarding how examiners should identify abstract ideas. One noteworthy new guideline suggests that examiners should not identify a claimed concept as an abstract idea “unless it is similar to at least one concept that the courts have identified as an abstract idea.”



Brian J. Emfinger

It is unclear how this particular guideline will play out in practice. Anecdotal evidence suggests that examiners are unsure of how to apply it in their analyses of subject matter eligibility. For example, it is not clear whether it directs examiners to simply identify which category of abstract ideas the claims at issue are most similar to, or to particularly identify within those categories which specific concept, previously identified to be a patent-ineligible abstract idea, the claims are most similar to. Clarification is surely needed.

But clarifications occur in the long term while office actions require responses in the short term. And issued patents do enjoy a presumption of validity. Therefore, in order to advance prosecution of their applications, practitioners and applicants may find it useful to distinguish their own claims from those courts have found to recite patent-ineligible abstract ideas.

The updated guidelines list those concepts courts have previously deemed to be patent-ineligible abstract ideas and identify the particular cases in which those concepts were deemed to be abstract. Courts have thus far recognized four categories of abstract ideas that include “an idea ‘of itself.’”

With respect to “an idea ‘of itself,’” some of the concepts previously held to be patent-ineligible abstract ideas are more specific while others are much broader — e.g., “collecting and comparing known information” and “data recognition and storage.” One can easily envision an examiner, acting in accordance with the updated guidelines, citing to one of these broad concepts to support a rejection under § 101, particularly with respect to computer- and software-implemented innovations.

Faced with such rejections, practitioners and applicants may find the following strategy useful when responding:

1. Identify the specific claims at issue in the case associated with the asserted abstract idea,

2. Identify the reasoning that court employed to conclude the previous claims recited a patent-ineligible abstract idea,
3. Distinguish the present claims by highlighting claim elements and features not present in the previous claims, and
4. Explain why the court's reasoning in that case does not apply to the present claims in view of those distinguishing aspects.

To assist practitioners and applicants with steps (1) and (2) above, this article reviews eight of the patent-ineligible concepts that have been categorized as "an idea 'of itself.'" The sections below review the claims at issue in each case as well as the reasoning the courts employed to conclude that the claimed concepts were abstract ideas. Armed with such information, this author hopes practitioners and applicants will be better equipped to respond to § 101 rejections that assert pending claims amount to "an idea 'of itself'" (or hopefully avoid such rejections altogether).

Part 1 of this article discusses the concepts of "collecting and comparing known information," "obtaining and comparing intangible data," and "using categories to organize, store, and transmit information." Additional concepts will be addressed in parts 2 and 3.

## **Collecting and Comparing Known Information**

The Federal Circuit discussed "collecting and comparing known information" in the pre-Alice and pre-Mayo case of *Classen Immunotherapies Inc. v. Biogen IDEC*. [1]

In *Classen*, the patents at issue were U.S. Pat. Nos. [6,638,739](#), [6,420,139](#), and [5,723,283](#) — each titled "Method and Composition for an Early Vaccine to Protect Against Both Common Infectious Diseases and Chronic Immune Mediated Disorders or Their Sequelae."

The claimed subject matter related to methods of identifying an immunization schedule with the lowest risk of later occurrence of chronic immune-mediated disorders and administering immunizations based on that schedule. Accordingly, the "known information" collected and compared in these patents related to the immunization results for different groups receiving different immunization schedules.

Claim 1 of the '739 patent and claim 1 of the '283 patent were selected as the representative claims.

Claim 1 of the '739 patent recited two steps: (1) comparing the incidence of the later occurrence of disorders between subject groups receiving different immunization schedules, and (2) immunizing a subject according to the lowest risk immunization schedule. Claim 1 of the '283 patent, however, lacked the immunization step.

Ultimately, the Federal Circuit concluded that the claims of the '739 and '139 patent recited patent-eligible subject matter by virtue of the step requiring performance of an immunization but concluded that the claims of the '283 patent, which lacked the immunization step, did not.

The Supreme Court's two-part test for subject matter eligibility established in *Mayo Collaborative Servs. v. Prometheus Labs. Inc.* [2] arguably undermines the Federal Circuit's holding in *Classen*, in particular with respect to the second step that requires "significantly



more” than the asserted abstract idea. However, by including Classen in its most recent guidelines, the USPTO appears to take the position that this case still provides useful guidance for determining subject matter eligibility under § 101.

To reach its decision, the Federal Circuit asked whether the claimed methods recited purely mental steps or some physical step that would confer subject matter eligibility on the claims. While agreeing that the recited “determining” and “comparing” steps could be performed in the human mind, the Federal Circuit noted that “the presence of a mental step is not of itself fatal to § 101 eligibility.” With this in mind, the Federal Circuit held that actually performing an immunization according to a selected immunization schedule was a physical step resulting in a “specific, tangible application” sufficient to impart subject matter eligibility.

With respect to the machine-or-transformation test, the Federal Circuit held that the principles established in Prometheus Laboratories Inc. v. Mayo Collaborative Services[3] — relating to the transformative nature of administering drugs to treat a condition — were not relevant to claims that only required a review of known information and lacked any physical steps that applied that information (e.g., an immunization or drug administration step).

Practitioners and applicants may find additional useful commentary in Classen regarding mental steps and the machine-or-transformation in the context of claims reciting diagnostic and treatment techniques.

## **Obtaining and Comparing Intangible Data**

The Federal Circuit addressed “obtaining and comparing intangible data” in the pre-Alice and pre-Mayo case of CyberSource Corp. v. Retail Decisions, Inc.[4]

In CyberSource, the representative claims at issue were claims 2 and 3 of U.S. Patent No. 6,029,154, titled “Method and System for Detecting Fraud in a Credit Card Transaction over the Internet.”

The claimed subject matter related to verifying Internet credit card transactions. Accordingly, the “intangible data” obtained and compared in CyberSource related to the Internet addresses associated with previous and current credit card transactions.

Claim 3 recited a method having three steps: (1) obtaining transaction information associated with the Internet address of a credit card transaction, (2) constructing a map of credit card numbers associated with that address based on that information, and (3) determining whether the current credit card transaction is fraudulent using that map. Claim 2 recited the method of claim 3 in the form of computer-readable media.

Ultimately, the Federal Circuit concluded that independent claims 2 and 3 of the ‘154 patent did not recite patent-eligible subject matter under § 101 because it found the claims only recited steps that could be performed entirely by a human. The Federal Circuit also held that the claims did not satisfy the machine-or-transformation test.

With respect to mental processes, the Federal Circuit analogized the claims to those at issue in Gottschalk v. Benson[5] and Parker v. Flook,[6] observing that, like the patent-ineligible methods at issue in those cases, the claims of the ‘154 patent could be performed entirely in the human mind or performed entirely by a human using a pen and paper.

In reaching these conclusions, the court made the following observations. First, the step of

“obtaining” previous transaction information could be performed by a human reading transaction records from a preexisting database. Second, a human could perform the step of “constructing” a map of credit card numbers by “writing down a list of credit card transactions made from a particular IP address.” And third, the step of “determining” the validity of a current transaction using the map of credit card numbers was broad enough to encompass the mental reasoning associated with observing that multiple transactions associated with different credit cards originated from the same IP address.

With respect to the machine-or-transformation test, the Federal Circuit held that the claims did not satisfy either the transformation or the machine prongs of the test.

For example, the Federal Circuit determined that the references to the Internet did not sufficiently tie the claims to a particular machine because the Internet was only being used as the source of the data for the fraud detection process and, as a data-gathering step, could not confer subject matter eligibility on the claims. The court also noted that the Internet itself does not perform the fraud detection steps.

The Federal Circuit also stated that the principle established by *In re Alappat*[7] — that programming a general purpose computer to perform an algorithm creates a new machine — did not apply to claim 2, noting that the Federal Circuit has never held the Alappat principle applies to claims reciting a computer that performs an algorithm that could be performed entirely within the human mind. The Federal Circuit distinguished the claims at issue from those where a computer is required to perform the claimed method, e.g., the claims at issue in *SiRF Tech. Inc. v. Int’l Trade Comm’n*[8] and *Research Corp. Techs. v. Microsoft Corp.*[9] With respect to a particular machine, the court stated that, in order to confer patent-eligible subject matter on a claim, a machine must play a significant part in permitting the claimed method to be performed.

With respect to transformations, the Federal Circuit acknowledged the manipulation and reorganization of transaction data that occurs when performing the claimed method, but stated that merely manipulating or reorganizing data does not satisfy the transformation prong.

Practitioners and applicants may likewise find additional useful commentary in *CyberSource* regarding mental steps and the machine-or-transformation in the context of claims involving computer-implemented steps.

## **Using Categories to Organize, Store and Transmit Information**

Turning to a post-Alice and a post-Mayo case, the Federal Circuit discussed “using categories to organize, store, and transmit information” in *CyberFone Sys. v. CNN Interactive Grp.*[10]

In *CyberFone*, the representative claim at issue was claim 1 of U.S. Pat. No. 8,019,060 entitled “Telephone/Transaction Entry Device and System for Entering Transaction Data into Databases.”

The claimed subject matter related to separating transaction information received in a single telephone transmission for delivery to different destinations. Accordingly the information organized, stored, and transmitted using categories in *CyberFone* related to information entered by a user at a telephone.

Claim 1 recited a method having three steps: (1) obtaining data from a telephone

transmission, (2) forming multiple data transactions based on the data in the telephone transmission and (3) sending each of those data transactions to a respective destination.

Ultimately, the Federal Circuit concluded that claim 1 of the '060 patent did not recite patent-eligible subject matter under § 101 because it found the steps of the claim, either individually or as an ordered combination, did not amount to significantly more than categorical information storage.

The Federal Circuit held that claim 1 of the '060 patent failed to satisfy either step of the two-part Mayo test, i.e., that claim 1 recited an abstract idea without significantly more.

With respect to the first question of whether claim 1 recited an abstract idea, the Federal Circuit rejected CyberFone's argument that the claim 1 did not recite an abstract idea because a human could not perform the recited steps without the aid of a device. The court explained that patent-ineligible abstract ideas are not limited to only those methods that could be performed in the human mind and deemed categorical data storage (i.e., "collecting information in a classified form, then separating and transmitting that information according to its classification") to be well-established and thus also a patent-ineligible abstract idea.

With respect to the second question of whether claim 1 recited significantly more than the abstract idea of categorical information storage, the Federal Court rejected CyberFone's argument that claim 1 satisfied the machine-or-transformation test.

Regarding the recited telephone, the Federal Circuit again cited to SiRF Tech. noting that a machine must play a significant part in permitting the claim to be performed in order to impose a meaningful limitation on the claim. The court noted that, as recited, the telephone could be a range of different devices and that the claims lacked any reference to the data entry mode described in the '060 patent specification. The court thus held that the telephone was not a specific machine and failed to add anything significant to the claim. The court also found that any machines required to deliver the individual data transactions were not recited with sufficient particularity to be given consideration.

The Federal Circuit also held that forming data transactions from the telephone signal was not a meaningful transformation sufficient to satisfy the transformation prong of the test. The court observed that the individual data transactions did not change the content or classification of the data initially collected via the telephone.

Practitioners and applicants may again find additional useful commentary in CyberFone regarding the machine-or-transformation in the context of claims reciting specific machines and transformations of data.

## **Part 2**

Looking ahead, the next part of this article will discuss following concepts: "comparing data to determine a risk level," "comparing new and stored information and using rules to identify options," "organizing information through mathematical correlations," and "comparing information regarding a sample or test subject to a control or target data."

—By Brian J. Emfinger, [Banner & Witcoff Ltd.](#)

*Brian Emfinger is a shareholder in the Chicago office of Banner & Witcoff.*

*The opinions expressed are those of the author(s) and do not necessarily reflect the views of the firm, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.*

[1] 659 F.3d 1057 (Fed. Cir. 2011).

[2] 132 S.Ct. 1289. (2012).

[3] 628 F.3d 1347 (Fed. Cir. 2010).

[4] 654 F.3d 1366 (Fed. Cir. 2011).

[5] 409 U.S. 63 (1972).

[6] 437 U.S. 584 (1978).

[7] 33 F.3d 1526 (Fed. Cir. 1994).

[8] 601 F.3d 1319 (Fed. Cir. 2010).

[9] 627 F.3d 859 (Fed. Cir. 2010).

[10] 558 Fed. Appx. 988 (Fed Cir. 2014).

All Content © 2003-2015, Portfolio Media, Inc.



**Rebutting 101 Rejections Asserting  
'Idea of Itself': Part 2**

**Brian J. Emfinger**

***Law360 Expert Analysis***

***October 5, 2015***

# Rebutting 101 Rejections

## Asserting 'Idea Of Itself': Part 2

Law360, New York (October 5, 2015, 10:10 AM ET) --

[Part 1 of this article suggested](#) that the recent examination guidelines for determining subject matter eligibility offer new opportunities for responding to § 101 rejections. Specifically, part 1 proposed a response strategy in view of one new examination guideline suggesting that examiners should not identify a claimed concept as an abstract idea “unless it is similar to at least one concept that the courts have identified as an abstract idea.”

That strategy involved (1) distinguishing pending claims from those at issue in the cases discussing the asserted abstract concepts and (2) explaining why the reasoning employed by the courts in those cases does not apply to the present claims.

To assist practitioners and applicants with this strategy, part 1 of this article reviewed the cases for three broad concepts courts have held to be abstract ideas, and which fall into the category of “an idea ‘of itself.’” Those concepts were “collecting and comparing known information,” “obtaining and comparing intangible data,” and “using categories to organize, store, and transmit information.”

Part 2 of this article will review the decisions discussing the concepts of “data recognition and storage,” “organizing information through mathematical correlations,” and “comparing new and stored information and using rules to identify options.”

### Data Recognition and Storage

The Federal Circuit discussed “data recognition and storage” in the post-Mayo and post-Alice case of *Content Extraction & Transmission v. Wells Fargo Bank NA (CET)*. [1]

In CET, the patents at issue were U.S. Pat. No. [5,258,855](#) and its continuations, U.S. Pat. Nos. [5,369,508](#), [5,625,465](#), and [5,768,416](#) — each titled “Information Processing Methodology.”

The claimed subject matter was directed to digitizing hardcopy documents and recognizing specific information from the digitized versions of the documents. Accordingly the “data” recognized and stored in CET related to the data contained in those digitized versions of the documents.

The representative claims included claim 1 from each of the ‘855 and ‘416 patents.

Claim 1 of the ‘855 patent recited a method of processing a digitized version of a document having three steps: (1) receiving, from an automated digitizing unit, output representing a hardcopy document, (2) recognizing which portion the document corresponded to a desired data field, and (3) storing data from that portion of the document in memory. Claim 1 of the ‘416 patent recited steps for identifying, based on instructions interactively received from a user or based on automatic matching using a predefined template, which portions of a



Brian J. Emfinger

digitized document provided information required by a software application.

Ultimately, the Federal Circuit affirmed the invalidity of the patents at issue under § 101 because it found that none of the independent or dependent claims recited “significantly more” than extracting and storing data from hardcopy documents using conventional scanning and processing technology.

To reach its decision, the Federal Circuit applied Mayo’s two-part test for subject matter eligibility.

Concluding that the claims were directed to an abstract idea, the court noted the humans have long performed the functions of collecting data, recognizing specific data within the data collected, and storing the recognized data in memory.

CET argued that its claims were distinguishable from other claims deemed to be abstract (such as those at issue in Alice)[2] because (1) its claims required both a computer and a scanner, and (2) the human mind could not process the bit stream output by the scanner. Unpersuaded, the Federal Circuit pointed out that that claims at issue in Alice also required a computer that processed a bit stream but were nonetheless deemed to be ineligible subject matter.

The Federal Circuit also concluded that the claims did not recite “significantly more” than the abstract idea of data recognition and storage because CET’s claims only recited the use of computers and scanners in well-known and conventional ways. Indeed, CET itself acknowledged that digitizing hardcopy documents and using computers to recognize information in digitized documents were well-known activities at the time of filing its applications. As a result, the court found that CET’s claims contained no “inventive concept” using this technology that amounted to significantly more than the abstract idea itself.

Furthermore, even though CET did not separately address its dependent claims, the Federal Circuit found no inventive concept in any of these claims either. The court likewise determined that the dependent claims reciting steps for detecting specific data fields in the documents and storing data as images or text were also well-known and conventional uses of scanners and computing technology.

Practitioners and applicants may find additional useful commentary in CET regarding the search for an “inventive concept” in claims that recite using computing technology in ways that might be viewed as well-known and conventional.

## **Organizing Information Through Mathematical Correlations**

The Federal Circuit discussed “organizing information through mathematical correlations” in the post-Mayo and post-Alice case of *Digitech Image Tech., LLC v. Electronics for Imaging, Inc.*[3]

In *Digitech*, U.S. Pat. No. 6,128,415, entitled “Device Profiles for Use in a Digital Image Processing System,” was at issue.

The claimed subject matter was directed to a device profile containing data for transforming device-dependent color and spatial properties of a digital image to an independent color space. Accordingly the “information” organized through mathematical correlations in *Digitech* related to the data describing the transformation of a digital image’s color and spatial content.

Claims 1, 10, and 26 were selected as the representative claims.

Claims 1 and 26 recited the device profile itself while claim 10 recited a method for generating the device profile. Claim 1 recited that the device profile included two sets of data: (1) data describing a transformation of the color content of a digital image to an independent color space, and (2) data describing a transformation of the spatial content of the image to the independent color space. Claim 26 only recited the data describing the transformation of the spatial content.

Claim 10 recited a method having steps for (1) generating the data describing the transformations of the image's color and spatial content and (2) combining that data in a device profile.

Ultimately, the Federal Circuit concluded that the claims of the '415 patent did not recite patent-eligible subject matter because the device profile itself did not fall into one of the four categories of statutory subject matter and the method of generating the device profile was not sufficiently tied to a specific structure or machine.

With respect to the device profile itself, the Federal Circuit found that it was not "a tangible or physical thing." Specifically, the court observed that the claims did not recite a tangible embodiment of the device profile (e.g., in physical memory) or any tangible part of the digital processing system. In response to Digitech's arguments that the device profile was embodied as hardware or software (e.g., a tag file appended to the digital image), the Federal Circuit noted that none of the claims recited such language.

The court also viewed the device profile claims as even broader than the claim to a "signal" in *In re Nuijten*.<sup>[4]</sup> In that case, the Federal Circuit held that a transitory signal was not directed to statutory subject matter under § 101 even after acknowledging that such a signal had physical properties with tangible causes/effects. Simply, the Federal Circuit held that "[d]ata in its ethereal, non-physical form" does not fall within one of the four statutory categories of patentable subject matter.

Regarding the method of generating the device profile, the Federal Circuit rejected Digitech's arguments that the claimed method was sufficiently tied to a digital image processing system that was integral to the transformation of a digital image. In particular, the court concluded that the recited steps amounted to nothing more than employing mathematical algorithms to manipulate existing information (e.g., color and spatial content) in order to generate new information (e.g., the transformation data), which could not impart subject matter eligibility.

Finally, the court observed that nothing in claim 10 expressly tied the method to a specific structure or machine since the claim only referenced a digital image reproduction system in its preamble. In addition, the court observed that the steps of generating and combining the data did not require input from a physical device such as an image processor. In making these observations, however, the court did caution that it was not commenting on whether tying the claimed method to an image processor would impart subject matter eligibility to the claim.

Practitioners and applicants may likewise find additional useful commentary in Digitech for claims reciting subject matter directed to the collection, manipulation, and generation of data. The abstract idea examples accompanying the U.S. Patent and Trademark office's 2014 "Interim Guidance on Patent Subject Matter Eligibility" also discusses Digitech at



abstract idea example no. 5.

## **Comparing New and Stored Information and Using Rules to Identify Options**

The Federal Circuit addressed “comparing new and stored information and using rules to identify options” in the post-Mayo and pre-Alice case of *SmartGene, Inc. v. Advanced Biological Labs., SA*.<sup>[5]</sup>

In *SmartGene*, two of Advanced Biological Laboratories’ patents were at issue: U.S. Pat. Nos. 6,081,786 and 6,188,988, each entitled “Systems, Methods and Computer Program Products for Guiding the Selection of Therapeutic Treatment Regimens.”

The subject matter of these patents related to using a computing device having knowledge of and rules for evaluating various treatment regimens to guide the selection of a particular regimen for a patient. The “information” and “rules” used to “identify options” in *SmartGene* thus related to the knowledge base of available treatment regimens, the rules for evaluating those regimens, and the list of optional regimens for the patient.

Claim 1 of the ‘786 patent was selected as the representative claim and recited a method for guiding the selection of a treatment regimen having three steps: (1) providing patient information to a computing device with knowledge of various treatment regimens, rules, and advisory information, (2) generating a ranked list of regimens for treating a patient, and (3) generating advisory information based on the patient information received and the stored rules.

Ultimately the Federal Circuit held that the claims of the ‘786 and ‘988 patents did not recite patent-eligible subject matter because the court concluded the claims did not amount to significantly more than using a computer to perform the mental steps doctors routinely carry out in treating their patients.

The Federal Circuit again applied Mayo’s two-part test.

Concluding that the claims were directed to an abstract idea, the Federal Circuit cited to the principle set forth in *CyberSource*<sup>[6]</sup> (discussed in part 1 of this article) that § 101 does not encompass processes reciting the use of a computer to perform a sequence of steps that could each be mentally performed by a human. With this in mind, the court viewed doctors themselves as having all the information necessary to identify available treatment regimens as well as the rules and the advisory information used to evaluate, select, and administer those regimens.

Turning to the question of whether claim 1 recited significantly more than the asserted abstract idea, the Federal Circuit concluded that it did not since the recited computing device was defined solely in terms of functionality, which, according to the court, could be performed entirely in the mind of a human. In other words, the court was unable to locate any claim features that amounted to significantly more than the steps doctors mentally perform when determining how to treat their patients.

Citing to *Mayo*, the court noted that, to recite patent-eligible subject matter, product claims must apply the abstract idea “in the realm of physical objects,” and that process claims must apply the abstract idea in the realm of “physical actions” that go beyond well-understood, conventional activity. With respect to claim 1, however, the court held that its

physical implementation did not go beyond the routine mental activities doctors routinely perform.

Practitioners and applicants may again find additional useful commentary in SmartGene regarding claims that recite computer-implemented methods in which the computing devices used to implement those methods are defined in terms of their functionality.

### **Part 3**

The last part of this article will discuss two final concepts courts have previously found to be abstract ideas: “comparing data to determine a risk level” and “comparing information regarding a sample or test subject to a control or target data.”

—By Brian J. Emfinger, Banner & Witcoff Ltd.

*Brian Emfinger is a shareholder in the Chicago office of Banner & Witcoff.*

*The opinions expressed are those of the author(s) and do not necessarily reflect the views of the firm, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.*

[1] 776 F.3d 1343 (Fed. Cir. 2014).

[2] 134 S.Ct. 2347 (2014).

[3] 758 F.3d 1344 (Fed. Cir. 2014).

[4] 500 F.3d 1346, 1351 (Fed. Cir. 2007).

[5] 555 Fed. Appx. 950 (Fed. Cir. 2014).

[6] CyberSource Corp. v. Retail Decisions Inc., 654 F.3d 1366, 1373 (Fed. Cir. 2011).  
All Content © 2003-2015, Portfolio Media, Inc.



**Rebutting 101 Rejections Asserting  
'Idea of Itself': Part 3**

**Brian J. Emfinger**

***Law360 Expert Analysis***

***October 6, 2015***

# Rebutting 101 Rejections

## Asserting 'Idea Of Itself': Part 3

Law360, New York (October 6, 2015, 10:23 AM ET) --

This is the final part of a three-part article reviewing the decisions in which courts have found various concepts to be abstract ideas, specifically concepts that fall into the category of "an idea of itself."

By understanding the particular claims at issue in those cases as well as the courts' reasoning, this article hopes to better equip practitioners and applicants to respond to rejections under § 101 where the USPTO asserts that the pending claims are similar to one of the broad concepts previously held to be abstract.

Part 1 reviewed the cases discussing "collecting and comparing known information," "obtaining and comparing intangible data," and "using categories to organize, store, and transmit information." Part 2 reviewed the cases discussing "data recognition and storage," "organizing information through mathematical correlations," and "comparing new and stored information and using rules to identify options."



Brian J. Emfinger

A review of those cases reveals various considerations that appear to have guided the courts' decisions:

- whether the claimed method could be performed entirely in the human mind or includes some additional physical step (Classen); [1]
- whether the claimed method steps are broad enough to encompass performance by a human using pen and paper (CyberSource); [2]
- whether a recited machine plays a significant part in permitting a claimed method to be performed (CyberFone); [3]
- whether recited machines are used solely in well-known and conventional ways (Content Extraction); [4]
- whether a claimed method only manipulates data without being sufficiently tied to a specific machine (Digitech); [5] and/or
- whether a claimed method recites using computing devices to perform a method that could otherwise be entirely performed in the mind of an individual (SmartGene). [6]

Part 3 reviews decisions addressing two final concepts falling within the category of "an idea 'of itself'" that courts have held to be abstract: "comparing data to determine a risk level" and "comparing information regarding a sample or test subject to a control or target data."

As noted in the first two parts of this article, practitioners and applicants may find it helpful when responding to subject matter rejections to distinguish their claims from those

associated with the concepts previously held to be abstract and explain why the courts' reasoning with respect to those claims does not apply to their own claims.

## **Comparing Data to Determine a Risk Level**

The Federal Circuit addressed "comparing data to determine a risk level" in the post-Mayo, pre-Alice case of PerkinElmer Inc. v. Intema.<sup>[7]</sup>

In PerkinElmer, Intema's U.S. Pat. No. 6,573,103, titled "Antenatal Screening for Down's Syndrome," was at issue.

The claimed subject matter of the '103 patent was directed to methods for determining whether a pregnancy was at an increased risk for Down syndrome based on screening markers measured during various trimesters of a pregnancy. Accordingly, the data used to determine a risk level in PerkinElmer compared the measurements of the Down syndrome screening markers.

Claims 1 and 20 were selected as the representative claims.

Claim 1 recited a diagnostic method having three steps: (1) measuring a screening marker during a first trimester, (2) measuring a different screening marker during a second trimester, and (3) determining the risk of Down syndrome by comparing the measurements to observed frequency distributions of those markers in Down syndrome pregnancies. In addition, claim 1 recited that the measurements of the markers were performed by either assaying a sample for a biochemical screening marker or measuring an ultrasound screening marker during an ultrasound scan.

Claim 20 recited similar steps and differed in that the second measurement was only performed if the first measurement crossed a given threshold.

The district court found that the claims did recite patent-eligible subject matter because the claims satisfied the machine-or-transformation test. In particular, the district court concluded that assaying blood samples was sufficiently transformative and that measuring an ultrasound scan was sufficiently tied to the use of an ultrasound machine.

However, the Federal Circuit reversed the district court, holding that the claims of the '103 patent did not recite patent-eligible subject matter because they did not recite significantly more than the mental step of determining the risk of Down syndrome or the underlying natural law describing the relationship between that risk and various marker levels. In reaching its decision, the Federal Court asked whether the steps recited in the claims amounted to significantly more than that mental step or that law of nature. The court also concluded that the claims failed both prongs of the machine-or-transformation test.

With respect to the steps of measuring the screening markers, the Federal Circuit concluded that these measurement steps were routine and conventional steps that had been previously performed by scientists in the field. The court based this conclusion on statements in the '103 patent indicating that any effective marker may be measured using known methods.

Regarding the step of determining the risk of Down syndrome, the Federal Circuit concluded that this step only recited the mental step of comparing the marker measurements to well-known and conventional information (i.e., the observed statistical frequencies) using well-known and conventional statistical calculations. Again, the court pointed to statements in

the '103 patent indicating that the statistical techniques employed were already known.

As a result, the Federal Circuit held that the measuring steps and the determining step could not transform the claims into patent-eligible subject matter.

Turning to the transformation prong of the machine-or-transformation test, the Federal Circuit concluded that the claim feature of "assaying a sample" was not sufficiently transformative since it was broad enough to encompass assays that do not involve transformations to measure screening markers.

For the machine prong of the test, the court noted that the claims did not require taking an ultrasound (only measuring data from previous ultrasounds), and, even if they had, the step of taking an ultrasound would be a conventional, extra-solution data gathering step and thus insufficient to impart subject matter eligibility.

The Federal Circuit also rejected Intema's reliance on *In re Abele*[8] for the proposition that measurements of an ultrasound scan involve a sufficient transformation of data into a visual depiction. The court distinguished the claims of the '103 patent from those at issue in *Abele*, noting that *Abele*'s claims recited a patent-eligible application of an algorithm to improve the CAT scan process. The court also noted that the claims of the '103 patent did not actually require any tangible output or visual depiction of the determined risk for Down syndrome.

The court also distinguished the claims of the '103 patent from those reciting patent-eligible subject matter in *Myriad*[9] and *Classen*. [10] With respect to *Myriad*, the court noted that claim 20 of U.S. Pat. No. 5,747,282 recited patent-eligible subject matter because the claimed method utilized non-naturally occurring cells that were themselves patent-eligible subject matter. Regarding *Classen* (also discussed in [part 1 of this article](#)), the court noted that the claims reciting patent-eligible subject matter required the additional physical step of performing an immunization based on the knowledge obtained by comparing immunization schedules. For the claims of the '103 patent, however, the court noted that the claims did not recite any features that were themselves patent-eligible subject matter and did not recite any physical steps that applied the knowledge acquired from comparing the measured screening markers to the observed statistical frequencies.

Practitioners and applicants may find additional useful commentary in *PerkinElmer* regarding claim features that are and are not sufficient to impart subject matter eligibility on claims involving diagnostic methods.

## **Comparing Information Regarding a Sample or Rest Subject to a Control or Target Data**

The Federal Circuit discussed "comparing information regarding a sample or test subject to a control or target data" in the post-*Mayo* and post-*Alice* case of *In re BRCA1- and BRCA2-Based Hereditary Cancer Test Patient Litigation (BRCA)*. [11]

In *BRCA*, three of *Myriad*'s patents were at issue: U.S. Pat. Nos. 5,753,441, 5,747,282 — each titled "17Q-Linked Breast and Ovarian Cancer Susceptibility Gene" — and U.S. Pat. No. 5,837,492 — titled "Chromosome 13-Linked Breast Cancer Susceptibility Gene."

Both the [U.S. Supreme Court](#) and the Federal Circuit had previously addressed the '441,'282 and '492 patents, [12] and the Federal Circuit in *BRCA* addressed additional claims from

these patents that had not yet been considered by the courts.

In BRCA, the claims at issue included claims 7 and 8 of the '441 patent, claims 16 and 17 of the '282 patent, and claims 29 and 30 of the '492 patent. The claims of the '282 and '492 patents were directed to compositions of DNA primers that provided the starting material for synthesizing DNA with the BRCA1 gene. The claims of the '441 patent were directed to methods of screening a patient for alteration of the BRCA1 gene by comparing the patient's gene sequence to the typical form (wild-type) of the gene sequence. Accordingly, the "sample or test subject" compared to "a control or target data" in BRCA related to the patient and wild-type gene sequences.

The method claims of the '441 patent depended from independent claim 1, which recited the step of comparing the gene sequences. Dependent claims 7 and 8 recited particular techniques for comparing those sequences.

Ultimately, the Federal Circuit held that neither the composition claims nor the method claims recited patent-eligible subject matter. With respect to the composition claims, the Federal Circuit concluded that the DNA primers were naturally occurring products similar to the isolated DNA strands the Supreme Court held to be patent-ineligible subject matter in its *Myriad* decision. Regarding the method claims, the Federal Circuit concluded that the methods of comparing the gene sequences did not amount to significantly more than the abstract idea of comparing and analyzing two gene sequences.

The court addressed the methods recited in dependent claims 7 and 8 separately from the method recited in their base claim, independent claim 1. And rather than review the claims under that law of nature exception at the heart of *Mayo*, the court found that the claims instead implicated the abstract idea exception discussed in *Alice*.

The Federal Circuit noted that it had already determined that independent claim 1 of the '441 patent recited patent-ineligible subject matter, because the step of comparing two gene sequences and determining whether any alterations exist was determined to be an abstract mental process. Recalling its earlier decision, the court considered the breadth of claim 1 to be unduly preemptive. In particular, the court observed that claim 1 would encompass (1) an unlimited number of comparisons and yet-to-be discovered alterations, and (2) comparisons for purposes other than detecting a risk of breast or ovarian cancer. Any claims depending from independent claim 1 — e.g., claims 7 and 8 — thus inherited the exception.

The Federal Circuit then asked whether claims 7 and 8 recited subject matter that could transform the claims into a patent-eligible application of the abstract idea and concluded that they did not. In particular, the court found that claims 7 and 8 only recited well-known and conventional methods of comparing gene sequences, e.g., probe hybridization and gene amplification. The court determined that a skilled artisan tasked with comparing two gene sequences would recognize that either of the recited comparison techniques could be used to perform the comparison. As a result, the court concluded that the conventional gene comparison techniques recited in claims 7 and 8 did not add significantly more to the abstract idea of comparing and analyzing gene sequences.

The court likewise noted breadth of claims 7 and 8 as compared to claim 21 of the '441 patent. Without expressing any view of the subject matter eligibility of claim 21, the court observed that this claim was limited to the detection of specific predisposing alterations to the BRCA gene for the purpose of determining susceptibility to specific types of cancer. In contrast, the court deemed claims 7 and 8 to be more abstract since those claims would

encompass any comparison of a patient's BRCA gene sequence for any purpose.

For these reasons, the court held that dependent claims 7 and 8, like independent claim 1, did not amount to significantly more than comparing two gene sequences.

Practitioners and applicants may find additional useful commentary in BRCA regarding products derived from those that occur in nature and using such products for diagnostic purposes.

—By Brian J. Emfinger, Banner & Witcoff Ltd.

*Brian Emfinger is a shareholder in the Chicago office of Banner & Witcoff.*

*The opinions expressed are those of the author(s) and do not necessarily reflect the views of the firm, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.*

[1] *Classen Immunotherapies Inc. v. Biogen IDEC*, 659 F.3d 1057 (Fed. Cir. 2011).

[2] *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366 (Fed. Cir. 2011).

[3] *CyberFone Sys. v. CNN Interactive Grp.*, 558 Fed. Appx. 988 (Fed Cir. 2014).

[4] *Content Extraction & Transmission v. Wells Fargo Bank, N.A.*, 776 F.3d 1343 (Fed. Cir. 2014).

[5] *Digitech Image Tech., LLC v. Electronics for Imaging, Inc.*, 758 F.3d 1344 (Fed. Cir. 2014).

[6] *SmartGene, Inc. v. Advanced Biological Labs., SA.*, 555 Fed. Appx. 950 (Fed. Cir. 2014).

[7] 496 F. Appx. 65 (Fed. Cir. 2012).

[8] 684 F.2d 902 (CCPA 1982), abrogated by *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008)

[9] *Ass'n for Molecular Pathology v. USPTO*, 689 F.3d 1303, 1336–37 (Fed. Cir. 2012).

[10] *Classen Immunotherapies, Inc. v. Biogen IDEC*, 659 F.3d 1057 (Fed. Cir. 2011).

[11] No. 2014-1361 and No. 2014-1366 (Fed. Cir. Dec. 17, 2014).

[12] See *Ass'n for Molecular Pathology v. Myriad*, 133 S. Ct. 2107 (2013); *Ass'n for Molecular Pathology v. USPTO*, 653 F.3d 1329 (Fed. Cir. 2011), vacated, 132 S. Ct. 1794 (2013); and *Ass'n for Molecular Pathology v. Myriad*, 689 F.3d 1303 (Fed. Cir. 2012), *aff'd in part, rev'd in part*, 133 S. Ct. 2107 (2013).

All Content © 2003-2015, Portfolio Media, Inc.





**Certain Uncertainty: The Future of  
Computer Software Patents**

**Rajit Kapur, Binal J. Patel, and  
William E. Wooten**

***Banner & Witcoff IP Update***

***October 15, 2015***

# UPDATE

FALL/WINTER 2015

## IN THIS ISSUE

- 1 Certain Uncertainty:  
The Future of Computer  
Software Patents
- 4 Maximizing the  
Financial Value of  
IP Assets
- 8 The Importance of a  
Trademark Registration  
in a Global Economy
- 12 Which is Better –  
Patent Arbitration or  
Patent Post-Issuance  
Proceedings?

## CERTAIN UNCERTAINTY: THE FUTURE OF COMPUTER SOFTWARE PATENTS



BY: RAJIT KAPUR, BINAL J. PATEL, AND  
WILLIAM E. WOOTEN

### LIFE AFTER ALICE ... THE STORY SO FAR

Since the *Alice* decision<sup>1</sup> came down last June, the world of computer software patents has been upended, both in litigation and in prosecution. In the realm of prosecution, patent applications dealing with e-commerce and business methods have been hit particularly hard at the U.S. Patent and Trademark Office (USPTO) with *Alice* rejections, but even those applications dealing with relatively more “technical” concepts have also been facing a harsh new reality in which eligibility rejections are lurking behind every corner and claim amendment.

Recently, the USPTO issued an update on its Subject Matter Eligibility Guidance in the wake of the many district court and Federal Circuit decisions that have followed *Alice* to provide more clarity as to how Examiners should apply *Alice* and other Supreme Court precedent to

software patent applications. While it remains to be seen how helpful the updated Guidance will be to patent applicants during prosecution, the Guidance does clarify a few points, discussed in greater detail below, that at least provide some constraints on how Examiners can make *Alice* rejections under 35 U.S.C. 101, as well as a framework that applicants can use in responding to such *Alice* rejections.

For most software patent applicants, this is welcome news. Indeed, in the months which have passed since *Alice* was decided, software patent applicants have seen very different types of reactions in different cases dealing with seemingly similar subject matter. For example, in Office Actions and interviews alike, some Examiners and Group Art Units seem to be operating as if nothing has changed since *Alice*. At the same time, others seem to be issuing *Alice* rejections in all cases as a matter of standard operating procedure. Of course, the claims of every application are, for the most part, different, and whether a particular claim is eligible is, or should be, evaluated on a case-by-case basis.

[MORE ▶](#)

1. *Alice Corp. v. CLS Bank Int'l*, 110 USPQ2d 1976 (U.S. 2014) (holding that patent claims directed to an abstract idea that do not amount to significantly more than the abstract idea are ineligible for patent protection under 35 U.S.C. 101).

[CERTAIN UNCERTAINTY, FROM PAGE 1]

Nevertheless, certain cases do seem to fare better than others in a manner that is as inexplicable as it is unpredictable, and oftentimes can at best be chalked up to the particular Examiner or Group Art Unit to which an application is lucky enough (or unlucky enough) to be assigned.

### THE UPDATED GUIDANCE, AND HOW IT MIGHT HELP

To date, much of the unpredictability of *Alice* seems to stem from the subjectivity associated with identifying what is or isn't an abstract idea, as well as the lack of definition over what constitutes "significantly more" than an abstract idea. For example, in the experience of many software patent applicants,

case law has shed some light on this second part of the eligibility analysis, it has proven difficult during prosecution to extend the holdings of those cases much further than their specific facts and claim language.

In any event, the updated Guidance may be helpful both in identifying abstract ideas in claims and in evaluating whether a particular claim recites "significantly more" than an abstract idea. In particular, the USPTO's updated Guidance includes two lessons that may be particularly helpful to software patent applicants during prosecution.

First, the updated Guidance provides a discussion that "is meant to guide examiners and ensure that a claimed concept is not

## "The USPTO's updated Guidance includes two lessons that may be particularly helpful to software patent applicants during prosecution."

it has seemed as though Examiners have a lot of latitude in identifying a particular concept in a particular claim as being an abstract idea. And while it is true that an Examiner is typically looking for a "fundamental economic practice" or a "method of organizing human activity," among other things, when assessing whether an abstract idea is present in a particular claim, it can sometime be surprising to an unwary applicant what can be analogized to one of these prototypical abstract ideas. For instance, if a particular claim recites user-facing functionality of computer software, it might not be much of a stretch to consider such functionality a "method of organizing human activity," depending on how it is presented in the claim.

Moreover, determining, much less articulating, what constitutes "significantly more" than an abstract idea is as difficult for applicants as it seems to be for Examiners. While the post-*Alice*

identified as an abstract idea unless it is similar to at least one concept that the courts have identified as an abstract idea."<sup>2</sup> This first point is helpful to software patent applicants because it provides some constraints on what can be identified as an abstract idea. As a result, applicants may be able to use the updated Guidance to push back in cases where a particularly creative abstract idea has been identified or in cases where an *Alice* rejection has been made more as a matter of default than based on the merits of a particular claim.

Second, the updated Guidance emphasizes that "examiners are to consider all additional elements both individually and in combination to determine whether the claim as a whole amounts to significantly more than an exception."<sup>3</sup> And, in making a point that is undoubtedly welcomed by many software patent applicants, the updated Guidance indicates that "[i]t is agreed that this

2. U.S. Patent and Trademark Office, July 2015 Update: Subject Matter Eligibility. Available at <http://www.uspto.gov/sites/default/files/documents/ieg-july-2015-update.pdf>. Page 3.

3. U.S. Patent and Trademark Office, July 2015 Update: Subject Matter Eligibility. Available at <http://www.uspto.gov/sites/default/files/documents/ieg-july-2015-update.pdf>. Pages 1-2.

instruction is vital to ensuring the eligibility of many claims, because even if an element does not amount to significantly more on its own (e.g., because it is merely a generic computer component performing generic computer functions), it can still amount to significantly more when considered in combination with the other elements of the claim.” Like the first point, this second point is also helpful to software patent applicants as many software claims often can be boiled down to “merely a generic computer component performing generic computer functions.” Indeed, many software patent applicants have seen their claims reduced in such a manner while prosecuting their patent applications in the time that has passed since *Alice*. Yet, as applicants have undoubtedly argued, and as the USPTO has now reiterated, a claim that includes these computer functions might still amount to “significantly more” than an abstract idea when such computer functions are considered in combination with the other features that are present in a particular claim.

## WHERE DO WE GO FROM HERE?

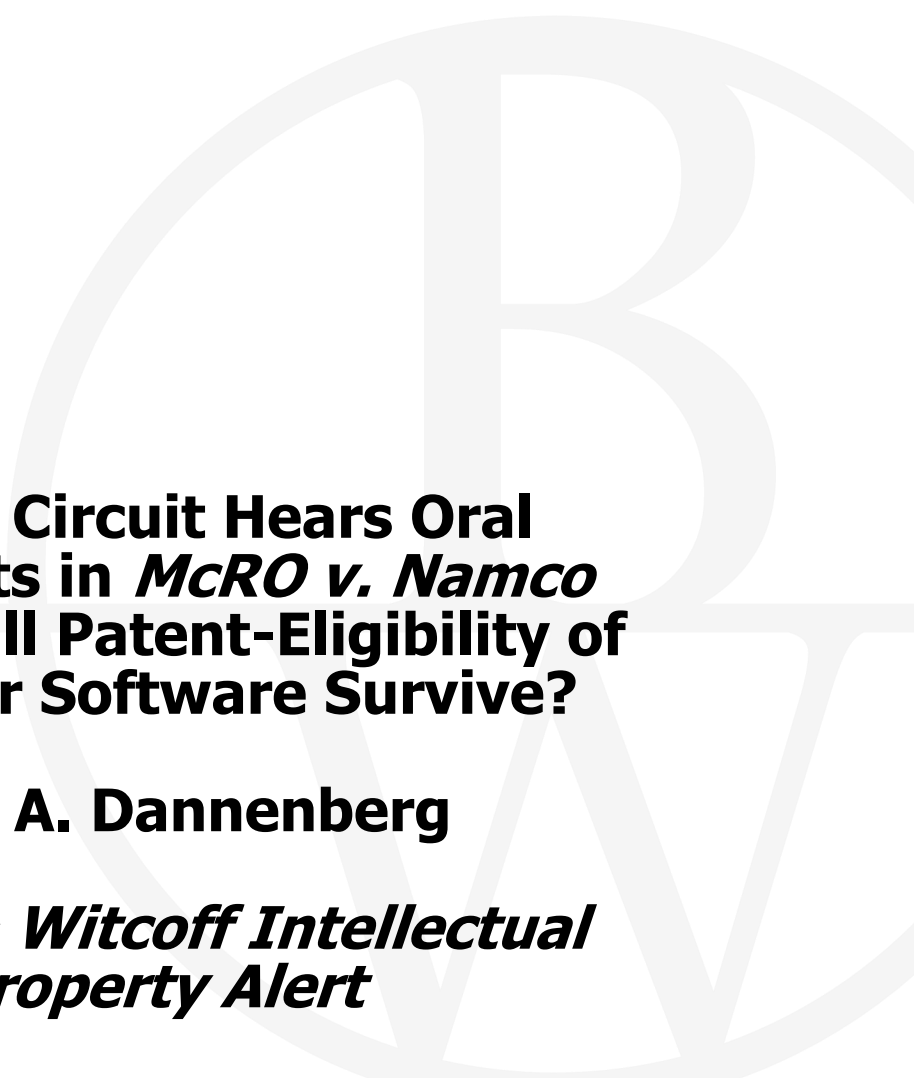
While the updated Guidance provides some constraints on how abstract ideas are identified, as well as some welcome clarity on how Examiners and applicants can assess what amounts to “significantly more” than an abstract idea, there is still a lot of subjectivity and unpredictability when dealing with *Alice* in practice. Indeed, oftentimes it seems as if it is a matter of luck as to whether or not a given software patent application encounters an *Alice* rejection. Nevertheless, the updated Guidance includes several points and useful examples that may help software patent applicants in addressing the issue of eligibility during prosecution.

In the long run, if the current unpredictability and seemingly uneven application of *Alice* continues, the situation may give rise to a new legislative effort to address the matter of patent eligible subject matter as it relates to software. For now, though, software patent applicants must face the current challenges of addressing *Alice* as they exist, but at least can do so with the lessons provided by the updated Guidance in hand. ■

### RICHARD S. STOCKTON FEATURED IN THE 2015 “40 ILLINOIS ATTORNEYS UNDER FORTY TO WATCH”



Richard S. Stockton, a principal shareholder in the Chicago office, was chosen for the Law Bulletin Publishing Co.’s 2015 edition of “40 Illinois Attorneys Under 40 to Watch.” His selection was based on recommendations from his peers and other members of the legal profession, and his commitment to the legal profession.



**Federal Circuit Hears Oral  
Arguments in *McRO v. Namco  
Bandai*: Will Patent-Eligibility of  
Computer Software Survive?**

**Ross A. Dannenberg**

***Banner & Witcoff Intellectual  
Property Alert***

***December 15, 2015***



## Intellectual Property Alert: Federal Circuit Hears Oral Arguments in *McRO v. Namco Bandai*: Will Patent-Eligibility of Computer Software Survive?

By **Ross A. Dannenberg**

December 15, 2015 — In the wake of the Supreme Court’s 2014 decision in *Alice Corp. v. CLS Bank*, courts have been struggling to define the line between abstract idea and patent-eligible invention. The Federal Circuit on Friday, December 11, heard oral arguments in *McRO Inc. v. Bandai Namco Games America Inc. et al.*, a case that has the potential to make that line a bit clearer. If you’re already familiar with the posture of this case, you won’t miss anything if you skip to Section 2, *infra*.

### **Case History**

McRO, Inc. (d/b/a PlanetBlue), was founded in 1988 by inventor Maury Rosenfeld, a special effects designer whose credits include “Star Trek: The Next Generation” and “Pee Wee’s Playhouse.” Rosenfeld has two patents on technology for automatically animating lip synchronization and facial expressions of animated characters, a technique commonly used in video game development. Many video game developers previously hired PlanetBlue to do the animation and lip synchronization. However, McRO filed suit against various developers in December 2012, after they allegedly started using the technology on their own without paying a license fee.

The patents in suit are 6,307,576 and 6,611,278. A representative claim from the ‘278 patent reads:

1. A method for automatically animating lip synchronization and facial expression of three-dimensional characters comprising:

obtaining a first set of rules that defines a morph weight set stream as a function of phoneme sequence and times associated with said phoneme sequence;

obtaining a plurality of sub-sequences of timed phonemes corresponding to a desired audio sequence for said three-dimensional characters;

generating an output morph weight set stream by applying said first set of rules to each sub-sequence of said plurality of sub-sequences of timed phonemes; and

applying said output morph weight set stream to an input sequence of animated characters to generate an output sequence of animated characters with lip and facial expression synchronized to said audio sequence.

McRO's 16 cases were consolidated before U.S. District Judge George H. Wu of the Central District of California. On September 22, 2014, Judge Wu held that in view of the Supreme Court's recent decision in *Alice* barring patents on computer-implemented abstract ideas, McRO Inc.'s animation patents merely describe an automated process to the manual animation methods studios previously used. Judge Wu held that the novelty in McRO's idea was using rules to automate the selection and morphing of single animation frames tied to a specific sound, changing a character's lips from closed to open to show the sound "moo," for example. However, the patents only discussed the automated rules "at the highest level of generality," according to Judge Wu. The users must come up with their own rules, according to Judge Wu, while the provided rules were mere examples and only partially complete. Judge Wu stated "this case illustrates the danger that exists when the novel portions of an invention are claimed too broadly." McRO appealed to the Federal Circuit.

### **Federal Circuit Oral Arguments**

Circuit Judges Reyna, Taranto and Stoll heard oral arguments in this matter, with Judge Taranto being the most vocal of the three. The most telling portions of the oral argument are the questions posed by the judges, which we address below.

Judge Taranto's questions concentrated on the differences between the technology at issue in this case and the technology at issue in previous cases such as *Flook*, as well as various comparisons to other technologies that use rules-based decision-making, such as autopilot software and facial recognition software. Judge Taranto was also concerned with how to determine when the production of a physical item (which the court considers lip-synched animation to be) can be an abstract idea as a whole, versus when the production of the physical item merely uses an abstract idea. The supposition is that it's hard to prove that something is merely an abstract idea when it results in a physical item being produced. Judge Taranto also questioned whether the genus of a species is always abstract, or whether the genus itself can also be patent-eligible.

Judge Reyna asked multiple questions regarding whether the district court erred procedurally. First, Judge Reyna posed a question regarding whether Judge Wu erred by stripping out portions of the claims found in the prior art, or whether claims must be considered as a whole when determining eligibility under 35 U.S.C. § 101. Judge Reyna also seemed concerned that Judge Wu added a third step to the Supreme Court's two-step process articulated in *Alice*.

Judge Stoll was the only judge who appeared to be interested in how to improve patent-eligibility determinations under Section 101. Judge Stoll asked both parties what test could be used to perform subject-matter eligibility determinations that comports with the *Alice* case, while also asking the

appellant (McRO) what test the district court should have used based on the McRO’s argument that the district court erred in the first place. Judge Stoll was also interested to hear what the appellee (Namco Bandai) thought would need to be added to the claims—short of claiming every actual rule needed to perform automated lip synchronization and animation—before the claims would be considered subject matter eligible under Section 101.

This case is important because of the level of detail with which the computer software is claimed in the patent. The software is claimed using descriptive language to recite a specific method (or algorithm) the software performs to automate the animation and lip synchronization. Most patent practitioners agree that the level of detail used in the claims in the McRO patents is commensurate with the level of detail used in hundreds of thousands of issued software patents. Indeed, even the appellee admitted during oral arguments that the claims at issue in this case are more “dense” than claims typically challenged under 35 U.S.C. § 101. If the Federal Circuit affirms the district court based on the level of detail with which the invention is claimed in this case, then the validity of some of those other patents is more easily called into question. However, those patents remain valid until shown otherwise in court or through a USPTO *inter partes review* proceeding.

Despite this prospect, in view of the overall tone of the questions, the panel seems more likely than not to reverse the district court’s holding of invalidity under Section 101, and remand this case for further proceedings to reassess 101 eligibility using the correct standard, and/or also to determine infringement and validity under 35 U.S.C. §§102-103 (novelty and obviousness). There were several unanswered questions regarding issues such as the incorrect application of Supreme Court precedent in *Alice*, stripping claims of “prior art” subject matter before performing the analysis, and adding an improper third step to the Supreme Court’s two-step analysis to lead one to believe that the court is likely to do otherwise.

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com).



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.



# **Right of Publicity**



**Face Value: Where's My NCAA  
Football Game?**

**Steve S. Chang**

***Landslide***

***March 1, 2015***

## Face Value: Where's My NCAA Football Game?

By Steve S. Chang

Steve S. Chang is a partner at Banner & Witcoff, Ltd., in Washington, D.C. He specializes in intellectual property, including utility and design patents in the computer, electrical, and video game spaces. Steve can be reached at [schang@bannerwitcoff.com](mailto:schang@bannerwitcoff.com).

Many gamers have noticed that there was no new *NCAA Football* game from Electronic Arts Inc. (EA) this past fall, and those same gamers are probably wondering when (if ever) the series will make its return. The answer is . . . complicated, and is going to depend on the outcome of a trio of lawsuits filed by former collegiate athletes. The lawsuits generally focus on two issues: (1) whether EA has improperly used the athletes' likenesses in its basketball and football games; and (2) whether the National Collegiate Athletic Association's (NCAA's) rules, which prevent athletes from receiving licensing revenue from video games and other merchandise, are a violation of the Sherman Antitrust Act. This article will give a summary walkthrough of the issues and rulings in these lawsuits, and the issues that will need to be resolved before we see the next round of college football and basketball video games.

### Cases 1 and 2: The Publicity Cases

The first two cases date back to 2009, and both were filed by former collegiate athletes who alleged that their likenesses were unlawfully used without their permission in EA's football and basketball video games. In *Hart v. Electronic Arts, Inc.*,<sup>1</sup> lead plaintiff Ryan Hart was a quarterback for the Rutgers University football team from 2002–2005, and he filed suit against EA in New Jersey. In *In re NCAA Student-Athlete Name & Likeness Licensing Litigation (Keller)*,<sup>2</sup> lead plaintiff Samuel Keller was a quarterback for the Arizona State University and University of Nebraska football teams in 2005 and 2007, respectively, and he filed suit against EA, the NCAA, and Collegiate Licensing Company in the Northern District of California. The *Keller* case was eventually consolidated with numerous other cases filed by other athletes in the Northern District of California, including one by Ed O'Bannon, who was a power forward for the UCLA men's basketball team, leading UCLA to a national championship in 1995. As discussed below, these cases reached opposite conclusions at the trial level, but on appeal to the Third and Ninth Circuit Courts of Appeals, both cases resulted in findings in the athletes' favor.

In both of these cases, the athletes alleged that their likenesses were used in EA's *NCAA Football* and *NCAA March Madness* video games without permission, and in violation of the athletes' rights of publicity. In the video games, players assume control of their favorite team and play virtual football or basketball games. The games seek to replicate each school's team with a great degree of accuracy. Each real-life player on the team has a corresponding avatar in the game that has the same jersey number, height, weight, build, skin tone, hair color, home state, play style, skills set, facial features, and helmet visor preference, although the actual player names are not included in the games. The games have real-

istic virtual versions of the schools' respective stadiums as well, with coaches, cheerleaders, fans, mascots, and sounds helping to replicate the real-life game experience.<sup>4</sup> In both of these cases, EA asserted that any athlete's likeness appearing in EA's video games is protected by the First Amendment.

These cases reached different outcomes at the trial level. In *Hart*, the district court granted summary judgment to EA on the grounds that EA's First Amendment right to free expression outweighed the athletes' right of publicity.<sup>5</sup> In *Keller*, the district court found that the athletes' right of publicity claims had a probability of prevailing over EA's First Amendment defense, and denied a motion by EA to strike the claim under a California law that permitted such motions in cases involving the First Amendment.<sup>6</sup>

On appeal, both appellate courts (Third and Ninth Circuits, respectively) ruled in the athletes' favor. In *Hart*, the Third Circuit ruled that EA's use of the plaintiff's likeness did not escape the plaintiff's right of publicity claim, and that the lower court had erred in granting summary judgment to EA. In *Keller*, the Ninth Circuit found that EA's use of the likenesses of college athletes was not protected by the First Amendment, and affirmed the lower court's denial of EA's motion.

The analysis and reasoning that led to these decisions was largely in common, and will be discussed in detail below.

### *The Analysis*

Both appellate courts began by noting that video games are entitled to the full protections of the First Amendment,<sup>7</sup> citing *Brown v. Entertainment Merchants Ass'n*.<sup>8</sup> In *Brown*, the Supreme Court addressed a California law that governed the labeling and sale of violent video games. In striking down the law, the Supreme Court noted that video games are entitled to First Amendment protection, and found that the California law did not comport with the First Amendment.

The appellate courts also both acknowledged that the First Amendment right was not absolute, and that it may need to be balanced against a state-recognized right of publicity.<sup>9</sup> The courts cited *Zacchini v. Scripps-Howard Broadcasting Co.*<sup>10</sup> for this balancing. In *Zacchini*, a news program had recorded and broadcast the entire "human cannonball" act of the plaintiff, Hugo Zacchini.<sup>11</sup> The producers of the news program argued their First Amendment right to disseminate the news, but the Supreme Court ruled in favor of Zacchini, noting that there must be a line between Zacchini's right to publicity and the press's First Amendment rights, and that "[w]herever the line . . . is to be drawn between media reports that are protected and those that are not, we are quite sure that the First and Fourteenth Amendments do not immunize the media when they broadcast a performer's entire act without his consent."<sup>12</sup>

So *Zacchini* established that there was a line, and said that a wholesale rebroadcast of a performer's entire act was clearly on the "not protected" side of that line, but it was left to subsequent courts to decide the other contours of that line. The *Hart* opinion addressed the three main balancing tests that were developed in the wake of *Zacchini*: (1) the predominant use test, (2) the *Rogers* test, and (3) the transformative use test, and these tests are summarized below.

### *The Predominant Use Test*

The predominant use test originated in *Doe v. TCI Cablevision*,<sup>13</sup> which dealt with the *Spawn* comic book. *Spawn* had a villainous character named “Anthony ‘Tony Twist’ Twistelli,” which a hockey player (named Tony Twist) alleged violated his right to publicity.<sup>14</sup> To conduct the balancing between Twist’s right of publicity and the comic book creator’s First Amendment rights, the Supreme Court of Missouri adopted a test that was based on the predominant use of the individual’s identity:

If a product is being sold that predominantly exploits the commercial value of an individual’s identity, that product should be held to violate the right of publicity and not be protected by the First Amendment, even if there is some “expressive” content in it that might qualify as “speech” in other circumstances. If, on the other hand, the predominant purpose of the product is to make an expressive comment on or about a celebrity, the expressive values could be given greater weight.<sup>15</sup>

The *Doe* court applied the test and ruled in favor of the hockey player, finding that the reference to Tony Twist had “very little literary value compared to its commercial value.”<sup>16</sup> The Third Circuit in *Hart*, however, declined to use this test because it felt that the test was too subjective and required judges to be both jurists and discerning art critics.<sup>17</sup>

### *The Rogers Test*

The *Hart* opinion then addressed, and rejected, the *Rogers* test.<sup>18</sup> The *Rogers* test originated in *Rogers v. Grimaldi*,<sup>19</sup> a case in which Ginger Rogers sued the makers of a film entitled *Ginger and Fred*, a film that was neither about Ginger Rogers nor Fred Astaire. The case was analyzed from a more trademark point of view (the name “Ginger” in the title was the only link to Ginger Rogers), and the Second Circuit’s analysis held that Oregon would not “permit the right of publicity to bar the use of a celebrity’s name in a movie title unless the title was wholly unrelated to the movie or was simply a disguised commercial advertisement for the sale of goods or services.”<sup>20</sup> In applying the test to the *Ginger and Fred* film, the Second Circuit concluded that the title was not wholly unrelated to the movie and was not a disguised advertisement, so it dismissed the right of publicity claim.

The Third Circuit in *Hart* declined to apply the *Rogers* test because it doubted whether the *Rogers* test could be applied beyond the title of a work, and it felt that the test did not adequately balance all of the nuances of the rights of publicity and free speech.<sup>21</sup> The *Hart* opinion noted that the very reason for Hart’s fame was football, so anyone misappropriating his likeness would necessarily be doing so for a product that is not “wholly unrelated” to Hart himself. Under the *Rogers* test, all such uses of Hart’s identity would be protected by the First Amendment.

After dismissing the *Rogers* test, the *Hart* opinion arrived at the test it ultimately used—the transformative use test.

### *The Transformative Use Test*

The third test, and the one ultimately used by both the *Hart* and *Keller* opinions, originated with *Comedy III Productions, Inc. v. Gary Saderup, Inc.*<sup>22</sup> In *Comedy III*, the issue was an artist’s sale of T-shirts and prints bearing his charcoal rendition of the Three Stooges.

In resolving the question of whether the artist's First Amendment rights prevailed over the Stooges' rights of publicity, the California Supreme Court borrowed a concept from copyright law, and articulated a test based on whether the celebrity's likeness was sufficiently transformed as to create the defendant's own expression:

The balance between the right of publicity and First Amendment interests turns on "whether the celebrity likeness is one of the 'raw materials' from which an original work is synthesized, or whether the depiction or imitation of the celebrity is the very sum and substance of the work in question. We ask, in other words, whether the product containing a celebrity's likeness is so transformed that it has become primarily the defendant's own expression rather than the celebrity's likeness. And when we use the word 'expression,' we mean expression of something other than the likeness of the celebrity."<sup>23</sup>

In applying this test, the California Supreme Court found that the charcoal drawing violated the Stooges' rights of publicity because there was "no significant transformative or creative contribution" and "the marketability and economic value of [the work] derives primarily from the fame of the celebrities depicted."<sup>24</sup>

Later court decisions followed *Comedy III*, and additional contours of this analysis began to emerge. While the *Comedy III* charcoal drawings lacked the requisite transformation, another example, found in *Winter v. DC Comics*,<sup>25</sup> showed the other end of the transformation spectrum—an example in which sufficient transformation was found. In *Winter*, two musicians, Johnny and Edgar Winter, objected to the "Johnny and Edgar Autumn" characters in the DC Comic Book *Jonah Hex*.

In discussing the transformative use test, the Supreme Court of California explained that "[a]n artist depicting a celebrity must contribute something more than a 'merely trivial' variation, [but must create] something recognizably 'his own,' in order to qualify for legal protection."<sup>26</sup> The *Winter* court noted that the celebrities were not literally depicted in the comic book and were "distorted for purposes of lampoon, parody, or caricature."<sup>27</sup> The *Winter* court also noted that "fans who want to purchase pictures of [the Winter brothers] would find the drawing of the Autumn brothers unsatisfactory as a substitute for conventional depictions."<sup>28</sup>

As another example of sufficient transformation, the *Hart* opinion referred to the Sixth Circuit decision in *ETW Corp. v. Jireh Publishing, Inc.*,<sup>29</sup> in which a collage that included a photograph of the golfer Tiger Woods, along with photographs of other golfers, was deemed transformative enough partly because it did not "capitalize solely on a literal depiction of Woods."<sup>30</sup>

The *Hart* opinion addressed two other uses of the transformative use test, both in the context of video games: one in which there was enough transformation, and one in which there was not. In *Kirby v. Sega of America, Inc.*,<sup>31</sup> the celebrity was a musician (Kierin Kirby) who claimed that Sega misappropriated her likeness for the character "Ulala," appearing in the video game *Space Channel 5*.

The California Court of Appeal noted that, although there were similarities in appearance and in the signature phrases spoken by Kirby and the Ulala character, there were also differences in appearance and movement, and that the Ulala character was not a mere digital recreation of Kirby.<sup>32</sup> Based on these differences, the California Court of Appeal found that the work passed the transformative use test, adding “new expression” beyond the celebrity, and that Kirby’s likeness was not the “sum and substance” of the Ulala character.

While *Kirby* was an example of a video game that passed the transformative use test, the *Hart* opinion also addressed an example of a video game that did not pass the test. In *No Doubt v. Activision Publishing, Inc.*,<sup>33</sup> the musical group No Doubt objected to aspects of their appearance in Activision’s *Band Hero* game, a karaoke-style game that allowed players to simulate performance in a rock band by playing simulated instruments along with popular songs. The *No Doubt* court highlighted the fact that the No Doubt avatars could not be changed and were images of the celebrity musicians. Despite the other aspects of the game that may be considered transformative, it found that “no matter what else occurs in the game during the depiction of the No Doubt avatars, the avatars perform rock songs, the same activity by which the band achieved and maintains its fame.”<sup>34</sup> The court found that in the game, the No Doubt avatars always appeared as depictions of the No Doubt members “doing exactly what they do as celebrities.”<sup>35</sup> The court also noted that the game developers used depictions of the No Doubt bandmembers to capitalize on the fan base of the No Doubt musical group. With these factors in mind, the *No Doubt* court concluded that there was insufficient transformation, and that the use violated the group’s right of publicity.

Having established some contours of the transformative use test, the *Hart* court set about applying the test to *NCAA Football*. The court noted that the appearance of the football player matched the avatar, with hair, skin, helmet visor, and biographical traits, such that it was a digital recreation of the person.<sup>36</sup>

The court then noted that, like the bandmembers in *No Doubt*, the football player avatar in *NCAA Football* always appeared in exactly the same context as the real-life counterpart—as a football player playing football. As for EA’s argument that other aspects of the game, such as the stadiums and sounds, were creative and transformative, the court disagreed, noting that the *No Doubt* environments were even more transformative because some of the songs could be performed in outer space.<sup>37</sup>

Because the *No Doubt* court gave weight to the fact that the game did not allow alterations to the appearance of the No Doubt bandmembers, the *Hart* opinion addressed the ability in the *NCAA Football* games to alter the player avatars. The game allows players to change the avatars, to alter their appearance, skills, and various other aspects.<sup>38</sup> The court dismissed this, however, by noting that those changes are at the discretion of the user, and that if this option were deemed sufficient, then it would be easy for future game developers to misappropriate and benefit from a celebrity’s identity and avoid liability by merely offering an option to change it in the game. The *Hart* court ultimately concluded that the *NCAA Football* game seeks to create a realistic depiction of the game of college football, with realis-



tic representations of the schools and players, and like the game in *No Doubt*, seeks to capitalize on the fan base of the teams and players.<sup>39</sup> The court held that the use of the likeness in *NCAA Football* was not sufficiently transformative, and not protected by the First Amendment.

The *Keller* court followed nearly the same path of analysis as *Hart*. The *Keller* court addressed the same *Comedy III/Winter/Kirby/No Doubt* line of cases, and further addressed another case in which the Ninth Circuit applied the test.<sup>40</sup> In *Hilton v. Hallmark Cards*,<sup>41</sup> the Ninth Circuit doubted that a birthday card depicting Paris Hilton in a manner reminiscent of her appearance in her television show was transformative enough.

The *Keller* court then applied the test to *NCAA Football* and found that the use of Keller's likeness did not contain significant transformative elements.<sup>42</sup> The court found the current case to be very similar to the facts in *No Doubt*—that the celebrity appears in the same context as in real life—and found that there was not enough transformation. The *Keller* court also disagreed that the other aspects, such as the ability to edit a player's appearance, constituted transformation, by downplaying the importance of this point in the *No Doubt* decision. To the court's eye, the key issue was that in *Winter* and *Kirby*, there were fanciful, creative characters that, although created based on the public figures, were nevertheless new characters.

### *Dissents*

Notably, neither *Hart* nor *Keller* were unanimous opinions. The dissent in *Hart* pointed out that the video games included a myriad of additional graphics, videos, sounds, and game scenarios, beyond the player likeness, and that these additions should be sufficient to transform the player likeness into a different work, satisfying the transformative use test.<sup>43</sup> To the dissenting judge, the player likeness is merely one of the "raw materials" from which the video games were synthesized, and the games were not the very "sum and substance" of the athletes themselves.<sup>44</sup> Indeed, it is notable that, if the additional photos in the Tiger Woods collage in *ETW* were sufficiently transformative, then the video games would also seem to have a comparable amount of added subject matter.

The dissent in *Keller* similarly felt that the video games added many other creative elements, beyond just the athletes' likenesses, to warrant a finding of sufficient transformation.<sup>45</sup> The dissenting judge noted that these additions were akin to the changes that were deemed sufficient in *Winter* and *Kirby*, and that the current facts distinguished over *No Doubt* because EA's games allowed players to alter the athletes' appearances. The dissent also noted that the sheer number of athletes, whose names are not actually provided in the game, involved in these video games should serve to diminish the right of publicity angle. Indeed, the dissent noted that one could play *NCAA Football* thousands of times without ever encountering a particular avatar, and wondered "if an anonymous virtual player is tackled in an imaginary video game and no one notices, is there any right of publicity infringed at all?"<sup>46</sup>

### *Takeaway from the Publicity Cases*

From these decisions, it appears that the likenesses in EA's video games are not protected by the First Amendment, and that the next generation of NCAA football/basketball video games will likely need to obtain permission from the athletes to use their likenesses. The athletes, EA, and the Collegiate Licens-



ing Corporation reached a \$40 million class settlement agreement in May 2014, which is currently in the approval process by the class members and eventually the district court. The final decision on that settlement is expected in mid-2015.

However, even if the settlement concludes these two cases, gamers shouldn't expect to see new NCAA games right away. There remains the sticky question of whether NCAA student-athletes would be entitled to receive any compensation for the permission to use their likenesses, because NCAA rules do not currently permit student-athletes to license their own identities. The third case in our trio, *O'Bannon v. NCAA*,<sup>47</sup> addresses this issue, and is discussed in the section that follows.

### **Case 3: The Antitrust Case**

In the third case of our trio, Ed O'Bannon sued the NCAA in 2009, alleging that the NCAA rules, which bar student-athletes from receiving revenue that the NCAA receives from licensing the student-athletes' likenesses for use in video games, live game telecasts, and other footage, violate the Sherman Antitrust Act. In August 2014, the presiding judge delivered findings of fact and conclusions of law after a bench trial, finding that the NCAA rules unreasonably restrained trade.<sup>48</sup> The remaining portion of this article will address the main issues presented and conclusions reached in this 99-page document, and the take-aways from this decision.

The *O'Bannon* court's antitrust analysis focused on: (1) identifying the relevant market, (2) determining whether the alleged anticompetitive acts restrained the trade in that market, and (3) determining whether the restraint was unreasonable. The athletes identified two potential markets. One market, which the court ultimately rejected, was a "group license" market, in which the individual students could group together to offer their likeness licenses to telecasters and video game developers. The court concluded, however, that there was no restraint of trade in such a market, because such group licenses would not really compete against one another.<sup>49</sup> A television network that wanted to broadcast a game would need to secure licenses from all the student-athletes in the game, and the individual student-athlete's license would only have value if all of the student-athletes agreed. So the court concluded that there would not truly be any "competition" in such a market, and no restraint of trade by the NCAA rules.

The athletes' second market, however, survived the court's analysis. In this second market, the court agreed that there exists a "college education" market, which consists of the larger divisions of NCAA schools.<sup>50</sup> In this market, the various schools compete to "purchase" the services of the prospective college recruit by offering scholarships. The *O'Bannon* court found that the NCAA's rules restrained trade in this market, because the rules result in a price-fixing agreement between the schools—all of whom agree to pay the same price (e.g., the same bundle of academic and athletic opportunities).<sup>51</sup>

Having established that the NCAA rules restrained trade in the college education market, the court set about determining whether the restraint is justified, by determining whether the procompetitive effects of the NCAA rules outweighed their anticompetitive effects.<sup>52</sup>

The NCAA offered four potential beneficial effects to justify its rules. The NCAA contended that the rules are necessary to: (1) preserve the tradition of amateurism, (2) maintain competitive balance between the divisions of schools, (3) promote integration of academics and athletics, and (4) increase the total output of its product.<sup>53</sup> The court did not find any of these to be sufficient to justify the challenged restraints.

As for the beneficial effects of amateurism, the NCAA offered evidence of its history of amateurism, and survey evidence showing that fans favored the amateurism and were opposed to paying student-athletes. The court acknowledged that the NCAA's evidence could justify some limited restrictions on student-athlete compensation, but that it did not justify the "sweeping prohibition" on players receiving any compensation.<sup>54</sup> Specifically, the court noted that the NCAA's own history was inconsistent on amateurism, and that even the current rules inconsistently allow tennis players to accept up to \$10,000 in prize money prior to enrollment in college, while track and field recruits cannot.<sup>55</sup> The court agreed that limits on large payments to athletes may have the procompetitive effects touted by the NCAA, but that the broad prohibition was not justified.

As for the promotion of competitive balance, the court was more persuaded by the athletes' economic expert, who testified that the NCAA rules did not have any effect on competitive balance.<sup>56</sup> Indeed, the court noted that other NCAA rules did not seem concerned with maintaining competitive balance (e.g., there are no limits on what a school can spend in hiring football coaches, or in building athletic training facilities).<sup>57</sup> The court also doubted the importance of competitive balance to the market, citing evidence showing fans' loyalty was due more to the fans being alums of the school, or living in the geographic region of the school, and not due to competitive balance.

The third beneficial effect, integration of athletics and academics, was acknowledged by the court to be a good thing, but the court found that the integration of athletics and academics could be achieved through other rules, such as requiring class attendance, and without the full prohibition on compensation in the current rules.<sup>58</sup> The court acknowledged, however, that this beneficial effect could also justify limited restrictions on compensation—just not the "sweeping prohibition" in the current rules.<sup>59</sup>

The court found that there was insufficient evidence to support the fourth alleged justification—increased output by attracting schools that were philosophically committed to amateurism, and enabling schools to participate in more sports than they otherwise might.<sup>60</sup>

Having found that the NCAA rules were not justified, but that some limited restrictions could still be justified, the court then discussed two less restrictive alternatives that could still achieve the stated goals of the NCAA, but without the "sweeping prohibition" in the current rules. The first alternative involved a stipend to cover the true cost of attendance, which may fill gaps in the current level of aid. The second alternative involved the schools allowing the student-athletes to be awarded compensation for their likeness, but holding the compensation in trust for the student-athlete, to be released when the student graduates or loses athletic eligibility.<sup>61</sup> The court ultimately used these acceptable alternatives in its injunction order, which enjoined the NCAA from: (1) prohibiting deferred licensing compensation of \$5,000 per year or less to be held in a trust fund for the athletes' licensed names/images/likenesses; or

(2) prohibiting compensation from the licensing of a student's name/image/likeness in an amount up to the full cost of attending the student's school (to cover any shortfalls between scholarship offers and the actual cost of attendance).<sup>62</sup>

### *Takeaway from the Antitrust Case*

The *O'Bannon* trial court essentially found that the NCAA's current "sweeping prohibition" against students receiving any compensation for the licensing of their individual name/likeness/image is not justified by the NCAA's stated benefits, but that some less restrictive restrictions may be justified. The court felt that the NCAA could reasonably cap such compensation to a smaller amount held in trust until the student graduates, and also provide such compensation if needed to cover living/cost-to-attend expenses not covered by the student's scholarship package. The case is currently under appeal to the Ninth Circuit,<sup>63</sup> with briefing yet to commence at the time of this writing. For now, the NCAA's broad prohibition appears at an end, and we may be entering a new era of collegiate sports, in which students are permitted to profit, at least in some small way, from their individual likenesses.

### **Conclusion**

NCAA video game fans are eagerly following these cases.<sup>64</sup> So far, it seems the future of collegiate sports will require video game developers to obtain licenses for the use of the athletes' names/images/likenesses, and the NCAA will need to develop mechanisms to allow student athletes to receive at least some compensation for the use of their names/images/likenesses. On the bright side, the next *NCAA Football* game will probably include actual player names as a result, and we may begin to see actual player names on college jerseys (currently licensed NCAA apparel does not include player names), and perhaps college athlete endorsement deals.

That is all still a ways away, though. The *O'Bannon* appeal needs to resolve itself, and the *Hart/Keller* settlement needs to go through. Assuming those cases are resolved, there will then be some new negotiations, as scholarship contracts and licensing contracts are modified to account for compensating the athletes. A new game for the fall of 2016 might be nice . . . n

### **Endnotes**

1. 717 F.3d 141 (3d Cir. 2013).
2. 724 F.3d 1268 (9th Cir. 2013).
3. *Id.* at 1271.
4. *Id.*
5. *Hart v. Elec. Arts, Inc.*, 808 F. Supp. 2d 757 (D.N.J. 2011).
6. Order on Defendants' Motions to Dismiss (Docket Nos. 34, 47, 48) and Electronic Arts' Anti-SLAPP Motion to Strike, *Keller v. Elec. Arts, Inc.*, No. C 09-1967 CW (N.D. Cal. Feb. 8, 2009). EA's anti-SLAPP motion was brought under a state law that allowed challenges to First Amendment actions to be stricken if the plaintiff could not establish a probability of prevailing on the challenge.
7. *Keller*, 724 F.3d at 1270–71; *Hart v. Elec. Arts, Inc.*, 717 F.3d 141, 148 (3d Cir. 2013).
8. 131 S. Ct. 2729, 2733 (2011).
9. *Keller*, 724 F.3d at 1271; *Hart*, 717 F.3d at 148–49.
10. 433 U.S. 562, 574–75 (1977).

11. *Hart*, 717 F.3d at 152 (citing *Zacchini*, 433 US at 563–66).
12. *Id.* (quoting *Zacchini*, 433 US at 574–75).
13. 110 S.W.3d 363 (Mo. 2003) (en banc).
14. Professional NHL hockey player Tony Twist was “notorious for his violent tactics on the ice,” and the comic book’s creator, Todd MacFarlane, was an avowed hockey fan. *Id.* at 366.
15. *Hart*, 717 F.3d at 154 (quoting *Doe*, 110 S.W.3d at 374).
16. *Id.* (quoting *Doe*, 110 S.W.3d at 374).
17. *Id.*
18. *Id.* at 154–57.
19. 875 F.2d 994 (2d Cir. 1989).
20. *Hart*, 717 F.3d at 155 (quoting *Rogers*, 875 F.2d at 1004).
21. *Id.* at 157.
22. 21 P.3d 797, 804–08 (Cal. 2001).
23. *Hart*, 717 F.3d at 159–60 (emphasis omitted) (quoting *Comedy III*, 21 P.3d at 809).
24. *Id.* at 160 (alteration in original) (quoting *Comedy III*, 21 P.3d at 811).
25. 69 P.3d 473, 476 (Cal. 2003).
26. *Hart*, 717 F.3d at 160 (alterations in original) (quoting *Winter*, 69 P.3d at 478).
27. *Id.* (quoting *Winter*, 69 P.3d at 479).
28. *Id.* (alteration in original) (quoting *Winter*, 69 P.3d at 479).
29. 332 F.3d 915 (6th Cir. 2003).
30. *Hart*, 717 F.3d at 161 (quoting *ETW*, 332 F.3d at 938).
31. 50 Cal. Rptr. 3d 607 (Ct. App. 2006).
32. *Hart*, 717 F.3d at 161–62.
33. 122 Cal. Rptr. 3d 397 (Ct. App. 2011).
34. *Hart*, 717 F.3d at 162 (emphasis omitted) (quoting *No Doubt*, 122 Cal. Rptr. at 410–11).
35. *Id.* (quoting *No Doubt*, 122 Cal. Rptr. at 411).
36. *Id.* at 166.
37. *Id.*
38. *Id.* at 168.
39. *Id.*
40. *In re NCAA Student-Athlete Name & Likeness Licensing Litig. (Keller)*, 724 F.3d 1268, 1273–76 (9th Cir. 2013).
41. 599 F.3d 894, 899 (9th Cir. 2009).
42. *Keller*, 724 F.3d at 1276–78.
43. *Hart*, 717 F.3d at 171–73 (Ambro, J., dissenting).
44. *Id.* at 175 (quoting *Comedy III Prods., Inc. v. Gary Saderup, Inc.*, 21 P.3d 797, 809 (Cal. 2001)).
45. *Keller*, 724 F.3d at 1285–87 (Thomas, J., dissenting).
46. *Id.* at 1287–88.
47. 7 F. Supp. 3d 955 (N.D. Cal. 2014).
48. *Id.*
49. *Id.* at 993–99.
50. *Id.* at 986–88 (referring to the Football Bowl Series (FBS) division in football, and the Division I in basketball).
51. *Id.* at 988.

52. *Id.* at 999.

53. *Id.*

54. *Id.*

55. *Id.* at 1000.

56. *Id.* at 1001–02.

57. *Id.* at 1002.

58. *Id.* at 1002–03.

59. *Id.* at 1003.

60. *Id.* at 1003–04.

61. *Id.* at 1004–07.

62. Permanent Injunction, *O’Bannon v. NCAA*, No. 4:09-cv-03329-CW (N.D. Cal. Aug. 8, 2014), ECF No. 292.

63. *O’Bannon v. NCAA*, No. 14-17068 (9th Cir. Oct. 21, 2014), consolidated with No. 14-16601 (Nov. 14, 2014).

64. *See, e.g., In re: NCAA Student-Athlete Name & Likeness Licensing Litigation*, PAT. ARCADE (July 2, 2013), <http://www.patentarcade.com/2013/07/in-re-ncaa-student-athlete-name.html>.

# **Trademarks**



**The Supreme Court Points Courts to  
Juries on Issue of Trademark  
Tacking**

**Anna L. King**

***Banner & Witcoff Intellectual  
Property Alert***

***February 2, 2015***



## Intellectual Property Alert:

### The Supreme Court Points Courts to Juries on Issue of Trademark Tacking

By *Anna L. King*

On January 21, 2015, the Supreme Court issued a unanimous decision, affirming the ruling of the U.S. Court of Appeals for the Ninth Circuit, holding that trademark tacking is an inquiry that operates from the perspective of an ordinary purchaser or consumer and is thus a question for a jury.

Under limited circumstances, the tacking doctrine permits a party to “tack” the use of an older trademark onto a new revised version of the trademark for priority purposes.

#### **Background**

A financial company, Korea Investment Finance Corporation, began operating under its new name, “Hana Bank,” in Korea in 1991. In 1994, it began advertising and offering its financial services in the United States under the name “Hana Overseas Korean Club.” It then changed its name to “Hana World Center” in 2000 and ultimately resolved to call itself “Hana Bank” in 2002. This final “Hana Bank” (“Respondent”) was the company’s first physical presence in the United States. In short, the name changed as follows:

KOREA INVESTMENT FINANCE CORPORATION

↓

HANA BANK

↓

HANA OVERSEAS KOREAN CLUB

↓

HANA WORLD CENTER

↓

HANA BANK

Hana Financial (“Petitioner”) began offering financial services in the United States in 1995 under its “Hana Financial” trademark. It obtained a federal registration for a logo incorporating its name in 1996.



In 2007, Petitioner filed suit alleging that Respondent infringed its “Hana Financial” trademark. Respondent responded to the infringement claim with arguments that it had priority to the trademark in view of the tacking doctrine. The district court held that tacking is a factual question and submitted it to the jury, which ruled in favor of Respondent. The Ninth Circuit affirmed, but indicated that the result would perhaps have been different if tacking were considered a legal issue.

As the Circuits were split as to whether tacking was an issue to be decided by juries or judges, the Supreme Court granted certiorari.

### **Supreme Court**

The Supreme Court acknowledged that the tacking doctrine allows for a party to “tack” on the use of an earlier version of its trademark to that of its current revised trademark if the trademarks are “legal equivalents.” In other words, there must be a continuing commercial impression between the trademarks such that consumers consider them to be the same.

Petitioner offered several arguments to advance its position that tacking should be decided as a matter of law. First, it argued that the “legal equivalents” test invokes a legal standard. The Court clarified that tacking involves a mixed question of both law and fact and should thus be resolved by a jury. Petitioner next argued that tacking determinations will create precedent and should therefore be a decision for judges. The Court denied this argument because it did not find that tacking cases would create new precedent any more than tort, contract or criminal proceedings. The third argument asserted by Petitioner was that leaving the tacking question to juries would eliminate any predictability as to the outcome of future tacking decisions. The Court again responded to this argument asking how tacking was any different from tort, contract or criminal proceedings where juries also have to answer factual questions and where different juries may reach different conclusions on the facts presented. Finally, Petitioner argued that judges have historically decided tacking issues. This argument relied on cases resolved in bench trials at summary judgment. The Court agreed that under those circumstances judges may resolve tacking disputes. However, that did not alter the Court’s determination that in all other circumstances, the issue is one for a jury.

The Court therefore held that the tacking question, being dependent on an ordinary consumer’s impression, must be decided by a jury except in a non-jury case or circumstances when the facts warrant entry for summary judgment or judgment as a matter of law.

To subscribe or unsubscribe to this Intellectual Property Advisory, please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.



**Supreme Court Hears Oral  
Arguments in *B&B Hardware, Inc. v.  
Hargis Industries, Inc.***

**R. Gregory Israelsen**

***IP Litigator***

***February 3, 2015***



JANUARY/FEBRUARY 2015

VOLUME 21 NUMBER 1

DEVOTED TO  
INTELLECTUAL  
PROPERTY  
LITIGATION &  
ENFORCEMENT

*Edited by Gregory J. Battersby  
and Charles W. Grimes*

# IP *Litigator*





# Supreme Court Report

R. Gregory Israelsen

## Supreme Court Hears Oral Arguments in *B&B Hardware, Inc. v. Hargis Industries, Inc.*

On December 2, 2014, the Supreme Court of the United States heard oral arguments in *B&B Hardware, Inc. v. Hargis Industries, Inc.* [U.S., No. 13-352], the first trademark case to reach the Court in nearly 10 years. William F. Jay, of Washington, DC, argued on behalf of petitioner B&B Hardware. John F. Bash, Assistant to the Solicitor General, represented the United States as *amicus curiae* and argued in support of the petitioner. Neal K. Katyal, of Washington, DC, argued on behalf of respondent Hargis Industries.

### Background

Petitioner B&B Hardware is a California business that owns the registered mark SEALTIGHT, which was registered in 1993. B&B manufactures and sells self-sealing fasteners, “all having a captive o-ring, for use in the aerospace industry.” B&B’s fasteners are designed for use in high-pressure environments and sealing applications.

Respondent Hargis Industries is a Texas business that also manufactures and sells fasteners, albeit in the construction industry. Specifically, Hargis sells sheeting screws, which are designed to attach sheet metal to wood or steel building frames.

In 1996, Hargis applied to register the mark SEALTITE for its “self-piercing and self-drilling metal

screws for use in the manufacture of metal and post-frame buildings.” The US Patent and Trademark Office (USPTO) refused Hargis’s application because the SEALTITE mark “so resembles” B&B’s SEALTIGHT mark that it was “likely to cause confusion.”

In March 1997, Hargis sought cancellation of B&B’s registration before the Trademark Trial and Appeal Board (TTAB). B&B opposed the cancellation and sued Hargis for trademark infringement. The cancellation proceeding was stayed pending the outcome of the litigation. In May 2000, a jury found that B&B’s mark was merely descriptive and had not acquired secondary meaning. In 2001, the TTAB resumed the proceeding on Hargis’s cancellation petition, which it eventually dismissed in June 2003.

While the cancellation proceeding was pending, Hargis submitted supplemental materials in support of its application to register SEALTITE. The USPTO withdrew its previous refusal, approved Hargis’s application, and published Hargis’s mark for opposition. In February 2003, B&B filed an opposition proceeding, which began in 2006. In 2007, the TTAB sustained B&B’s opposition and denied Hargis’s registration of SEALTITE.

In 2003, B&B also filed a second infringement action, which proceeded in parallel with the opposition proceeding. In 2007, after the TTAB denied Hargis’s application, the district court dismissed B&B’s second infringement action on the ground that it was precluded by the judgment in the first infringement action. B&B appealed, and the Eighth Circuit Court of Appeals

reversed, holding that because the jury never reached the issue of likelihood of confusion in the first action, collateral estoppel did not apply.

On remand, the jury found that there was no likelihood of confusion between the two marks. B&B sought a new trial based on the district court’s refusal to give preclusive effect, or even deference, to the TTAB’s likelihood-of-confusion finding. The court denied B&B’s motion. The Eighth Circuit affirmed, holding that the TTAB “did not decide the same likelihood-of-confusion issues presented to the district court.”

B&B petitioned for *certiorari*, and the Supreme Court granted review on two questions:

1. Whether the TTAB’s finding of a likelihood of confusion precludes respondent from relitigating that issue in infringement litigation, in which likelihood of confusion is an element; and
2. Whether, if issue preclusion does not apply, the district court was obliged to defer to the TTAB’s finding of a likelihood of confusion absent strong evidence to rebut it.

### Oral Arguments

Justice Ginsburg opened the questioning in oral arguments, pointing out that “the stakes are so much higher” in an infringement proceeding when compared to a registration proceeding. Counsel for B&B, Mr. Jay, acknowledged that the stakes are different, but argued that the inquiry is the same—specifically, likelihood of confusion. Therefore, Mr. Jay argued, the TTAB’s “judgment is preclusive because it’s deciding the same issue.”

By contrast, counsel for Hargis, Mr. Katyal, argued that the question being asked is different. Specifically, the TTAB proceeding considers

---

whether the resemblance of the mark is likely to confuse, whereas the district court's *de novo* proceeding considers whether the use of the mark is likely to confuse. The Court sought clarification on this distinction. For example, Justice Breyer referred to 15 U.S.C. § 1114—the infringement statute—which repeatedly mentions “use,” including use in “advertising, sales, all different ways in which use causes confusion.” Mr. Katyal explained that in a registration proceeding, the consideration is whether the resemblance of the mark *in connection* with the goods is confusing, as opposed to an infringement proceeding, which considers *how the goods are used*—“the advertising, the marketing, the sales.”

The oral arguments included significant discussion about the evidence available in each proceeding. For example, Justice Sotomayor referenced *Kappos v. Hyatt*—in which the Court unanimously affirmed that evidence not submitted to the USPTO in patent prosecution is admissible when bringing suit against the Director of the USPTO under 35 U.S.C. § 145—to make the point that the Court has blessed the idea that an applicant does not have to submit all possible evidence to the TTAB for consideration. Mr. Jay explained that the applicant always has the option to appeal the TTAB's decision to a district court, where the additional evidence could be presented, but if the applicant does not take that option, the “bedrock principle of the law on judgments [is] that new evidence is not enough” to avoid preclusion.

The Court also considered, however, how much evidence actually is presented in practice. Justice Breyer noted that in a TTAB proceeding, there are no live witnesses, there is no expert testimony regarding consumer confusion, and the TTAB stresses “that they should not be like a district court.” Justice Kagan noted that a TTAB proceeding

can be only “10 percent of the cost of an infringement suit.” Mr. Katyal contrasted Hargis's TTAB proceeding—where there were four depositions and no discovery—with the infringement trial, where there were 14 live witnesses and 4,000 pages of discovery.

The Justices were clearly concerned about the scope of their decision. For example, Justice Alito asked if it would be worthwhile to create a rule that applies to a very limited set of circumstances, that is, the number of cases in which the elements of issue preclusion would be met by the TTAB proceeding. Justice Kagan asked Mr. Jay about the proportion of parties that currently seek review by the TTAB instead of an alternative (*e.g.*, infringement litigation in district court), and whether the TTAB is the primary avenue for resolving these types of disputes. Mr. Jay responded that Justice Kagan had asked “a difficult question,” but that “fewer than 200 Board cases go to final judgment each year in contested proceedings.”

The Justices also explored a middle ground, although neither side seemed interested in compromise. Mr. Jay said that if the Court gave deference instead of full preclusion, the deference should accord “great weight,” because the earlier proceedings were full and fair, and the issues were the same. By contrast, Mr. Katyal said that preclusion requires “an identical inquiry,” and “the procedures and the incentives at stake” must also be identical. But, Mr. Katyal continued, “that theoretical world never happens in reality.”

Understandably, the oral arguments included multiple hypothetical situations—presented by both the Justices and counsel—to aid in understanding concepts that in the abstract may be difficult to grasp. For example, Justice Breyer repeatedly referred to the same hypothetical situation in which Louis Vuitton—of designer-clothing fame—becomes

involved in a trademark dispute with the fictional Lilly Vuitton over a mark for lipstick. In another example, Mr. Katyal described a fictional mark SIKE for shoes. These hypothetical discussions presented some of the lighter moments of the arguments. For example, in discussing whether Mr. Katyal's hypothetical SIKE shoes would have a confusing resemblance but not confusing use, Justice Kennedy lightheartedly asked, “What is the answer? ... I need to know.”

## Conclusion

The Justices during oral arguments were not clearly leaning one way or another. They asked both sides difficult questions, and pushed back hard at times when they disagreed with counsel. But they also allowed all three presenters significant stretches of time to talk, which could indicate that the Justices did not completely disagree.

B&B's argument that identical questions with identical evidence requires preclusion seemed to carry some weight. Chief Justice Roberts told Mr. Katyal that, “it seems to me you could prevail on the idea that when the [] uses are actually different it's not precluded, but when they are [] the same, it is. That's the basic preclusion rule.”

Conversely, Hargis's argument—that the only time the TTAB is considering the same use questions as an infringement proceeding is in a “theoretical world”—may convince the Court that “the way it's done in practice” would never fairly require preclusion anyway. Mr. Katyal drove this point home near the end of his argument by saying, “the main banana is infringement. Congress has known that. That's the way it's been for hundreds of years. There isn't going to be any sidestepping of an infringement inquiry in an appropriate case. It's going to happen.”

---

The opinion, which is expected to be released by April or May 2015, will affect how practitioners approach USPTO opposition and cancellation proceedings and district-court litigation.

---

*R. Gregory Israelsen is an attorney at Banner & Witcoff, Ltd in Washington, DC. He focuses on intellectual property litigation, counseling, and prosecution, representing clients in patent*

*matters related to electrical, computer-hardware, computer-software, and mechanical arts. He also represents clients in copyright- and trademark-infringement actions.*



**Supreme Court Marks TTAB  
Decisions as Having Preclusive  
Effect**

**R. Gregory Israelsen**

***Banner & Witcoff Intellectual  
Property Alert***

***March 31, 2015***





## Intellectual Property Alert: Supreme Court Marks TTAB Decisions as Having Preclusive Effect

By R. Gregory Israelsen

March 31, 2015 — On March 24, 2015, the Supreme Court of the United States held in *B&B Hardware, Inc. v. Hargis Industries, Inc.*, that some decisions by the Trademark Trial and Appeal Board (TTAB) may have a preclusive effect on judgments by federal district courts. Specifically, the Court held that “so long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply.”

In view of *B&B Hardware*, parties engaging in opposition and cancellation proceedings before the TTAB should carefully assess how much effort they are putting in, and be especially careful in their responses if their opponents are doing so. Additionally, while *B&B Hardware* focused on the preclusive effect of the TTAB’s decision regarding likelihood of confusion, the Court’s rationale was sufficiently broad that it potentially could be extended to other issues decided by the TTAB if the basic requirements for applying preclusion are met.

### **Background**

B&B Hardware and Hargis have been battling over their respective trademarks, SEALTIGHT and SEALTITE, for two decades. As the Court said, “[t]he full story could fill a long, unhappy book.” B&B first registered their SEALTIGHT mark in 1993, for threaded metal fasteners having a captive o-ring, for use in the aerospace industry. Hargis later sought to register SEALTITE for metal screws used for attaching sheet metal to wood or steel building frames. In addition to opposition and cancellation proceedings before the U.S. Patent and Trademark Office, “related infringement litigation has been before the Eighth Circuit three times[,] and two separate juries have been empaneled and returned verdicts.”

The thread of litigation that eventually ended up before the Court began in 2002, when the U.S. Patent and Trademark Office published SEALTITE in the Office Gazette as part of Hargis’s application process. B&B opposed the registration, which led to opposition proceedings before the TTAB. The TTAB sided with B&B, finding that Hargis’s SEALTITE mark would likely be confused with B&B’s SEALTIGHT mark, and denied Hargis’s application.

Meanwhile, in co-pending infringement litigation, the district court had not yet ruled on likelihood of confusion when the TTAB released its decision. B&B argued that the district court was bound to follow the TTAB's decision. The district court disagreed, and the jury found that there was not a likelihood of confusion. The Eighth Circuit affirmed the district court for three reasons: "first, because the TTAB uses different factors than the Eighth Circuit to evaluate likelihood of confusion; second, because the TTAB placed too much emphasis on the appearance and sound of the two marks; and third, because Hargis bore the burden of persuasion before the TTAB, while B&B bore it before the District Court." The Supreme Court granted certiorari.

### **The Court's Opinion**

Justice Alito authored the Court's Opinion. After giving a background on trademark law generally, and the dispute between the parties specifically, the Court addressed several threshold questions relevant to whether TTAB decisions could have a preclusive effect.

First, the Court discussed "whether an agency decision can ever ground issue preclusion." Citing to its 1991 decision in *Astoria Fed. Sav. & Loan Assn. v. Solimino*, the Court explained that "in those situations in which Congress has authorized agencies to resolve disputes, 'courts may take it as given that Congress has legislated with the expectation that the principle of issue preclusion will apply except when a statutory purpose to the contrary is evident.'" Notably, one of the primary arguments of the dissent was that—contrary to *Astoria's* statement in dicta—the issue of administrative preclusion was actually "far from settled." But this did not dissuade the majority, nor did any potential constitutional concerns.

Second, the Court looked for "an 'evident' reason why Congress would not want TTAB decisions to receive preclusive effect." The Court examined the text and the structure of the Lanham Act, finding that neither forbids issue preclusion. "Granted," the Court explained, "one can seek judicial review of a TTAB registration decision in a *de novo* district court action." But in that case, the "very TTAB decision under review" has no preclusive effect. But in "a separate proceeding to decide separate rights," the TTAB's analysis may preclude a district court's judgment on an overlapping issue.

Third, the Court considered "whether there is a categorical reason why registration decisions can never meet the ordinary elements of issue preclusion." The Court reasoned that just because "many registrations will not satisfy [the ordinary elements of issue preclusion], that does not mean that none will." Specifically, because "the same likelihood-of-confusion standard applies to both registration and infringement," preclusion applies at least in cases where the "mark owner uses its mark in ways that are materially the same as the usages included in its registration application." Thus, the Court limited issue preclusion to only those instances "where 'the issues in the two cases are indeed identical and the other rules of collateral estoppel are carefully observed.'" Justice Ginsberg further clarified her understanding of this limitation to the scope of the Court's opinion in a short concurrence, stating "'for a great many registration decisions issue

preclusion obviously will not apply’ . . . because contested registrations are often decided upon ‘a comparison of the marks in the abstract and apart from their marketplace usage.’ When the registration proceeding is of that character, ‘there will be no preclusion.’”

Finally, after the Court reasoned that agency decisions can ground issue preclusion, that Congress would not be opposed, and that registration decisions can meet the elements of issue preclusion, the Court held that the proper rule for considering whether TTAB decisions have preclusive effect is: “so long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before the district court, issue preclusion should apply.”

### **Conclusion**

Going forward, the Court’s decision in *B&B Hardware* is likely to impact how applicants approach TTAB proceedings. While historically, as Justice Kagan pointed out during oral arguments, TTAB proceedings could cost as little as ten percent of district court infringement litigation, parties are likely to now spend more resources on compiling and submitting evidence, calling more witnesses, and engaging in more discovery when before the TTAB. Furthermore, dissatisfied parties will be more likely to appeal TTAB decisions to district courts, rather than risking unfavorable TTAB decisions potentially having a preclusive future effect.

On the other hand, the Court’s rule included the caveat that issue preclusion only takes effect “when the usages adjudicated by the TTAB are materially the same as those before the district court.” Additionally, parties may try to negotiate whether TTAB proceedings they are engaged in will be preclusive. A party wanting to avoid preclusion may also expressly state in their TTAB filings that they do not have much at issue and do not expect preclusion. Because parties who lose at the TTAB will undoubtedly argue that the Court’s exception should apply to their case when in district court, *B&B Hardware* may result in more, not less, confusion for district courts adjudicating trademark disputes.

The Court’s full opinion is available [here](#).

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.



**Federal District Court Affirms  
Cancellation of "REDSKINS" Marks  
on Summary Judgment and Holds  
That First Amendment Does Not  
Control**

**Maurine L. Knutsson**

***Banner & Witcoff Intellectual  
Property Alert***

***July 14, 2015***



## Intellectual Property Alert:

### Federal District Court Affirms Cancellation of “REDSKINS” Marks on Summary Judgment and Holds that First Amendment Does Not Control

By [Maurine L. Knutsson](#)

July 14, 2015 — On July 8, 2015, the Federal District Court of the Eastern District of Virginia affirmed the Trademark Trial and Appeal Board’s cancellation of the REDSKINS federal trademark registrations owned by Pro-Football, Inc. *Pro-Football Inc. v. Amanda Blackhorse et al.*, CN: 1:14-cv-01043, in the U.S. District Court for the Eastern District of Virginia (July 8, 2015). The Court granted the defendants’ (Amanda Blackhorse, Marcus Briggs-Cloud, Phillip Gover, Jillian Pappan, Courtney Tsofigh and the United States) motions for summary judgment, holding among other things that the REDSKINS marks were disparaging to a significant composite of Native Americans between 1967 and 1990 (when the marks at issued registered), the First Amendment is not implicated by Section 2(a) of the Lanham Act, the federal trademark registration program is government speech and therefore exempt from First Amendment scrutiny, and the laches defense does not apply because of the public interest at stake.

This case may help set the stage for a possible conflict in the circuits regarding the legality of the statute-based restrictions laid out in Section 2(a) of the Lanham Act. (Section 2(a) prohibits issuance of a federal registration for a mark deemed to be disparaging.) Recently, the Court of Appeals for the Federal Circuit decided to rehear a case *en banc* in order to consider the constitutionality of the disparagement provision of the Lanham Act. See, *In re Tam*, 114 USPQ2d 1469 (Fed. Cir. 2015). The case before the Federal Circuit is an appeal from a denial by the United States Patent and Trademark Office of registration of the mark THE SLANTS (the name of a musical performing group) on the grounds that it is disparaging to members of the Asian community. The case is pending before the Federal Circuit now. If Pro Football, Inc. appeals its case to the Fourth Circuit Court of Appeals — as it is expected to do — it will be interesting to see how the two appellate courts decide the issue. If there is a split in the circuits, the case may make its way to the Supreme Court.

The decision by the U.S. District Court does not affect the team’s ability to use the REDSKINS marks and the marks will not be officially cancelled until the team exhausts its appellate options. Further, this does not prevent fans from wearing their REDSKINS gear.

#### **Background**

The Redskins name was chosen in 1933, and according to the team’s complaint, at the time the name was chosen four players and the head coach identified themselves as Native Americans. The team has six federal trademark registrations that include the REDSKINS mark, the first of

which registered in 1967 and the last in 1990. For the past two decades the Washington Redskins team has been defending its right to keep its six federal trademark registrations.

The most recent decision is an appeal from the second TTAB proceeding filed by Native Americans to cancel the registrations. The first proceeding, which lasted from 1992 to 2009, finally ended with the U.S. Court of Appeals for the District of Columbia Circuit affirming that laches barred the court from deciding the merits of the case. *Pro-Football, Inc. v. Harjo*, 75 415 F.3d 44, USPQ2d 1525 (D.C. Cir. 2005). The court determined that the Native American plaintiffs in the first case had waited too long after their right to sue vested when they turned 18 to file the suit. *Id.* The current case was initiated before the TTAB in 2006 by younger Native Americans trying to avoid the laches issue.

On June 18, 2014, in a 2-1 decision the TTAB cancelled the team's six federal trademark registrations. For additional background on the appealed TTAB case, a summary can be found [here](#). The team appealed this decision on August 14, 2014, in the U.S. District Court for the Eastern District of Virginia. In February 2015, the plaintiff and the defendants all filed motions for summary judgment.

## **Decision**

On July 8, 2015, the District Court ruled for the defendants on all seven counts raised in the complaint as detailed below:

### **Count I. Disparagement**

The court found that dictionary evidence, literary, scholarly and media references and statements of individual Native Americans and Native American groups show that the REDSKINS marks consisted of matter that "may disparage" a *substantial composite* of Native Americans between 1967 and 1990 when the six federal trademark registrations for the REDSKINS marks were awarded. Therefore under Section 2(a) the court determined that the REDSKINS marks must be cancelled.

### **Count II. Contempt or Disrepute**

The court relied on its analysis and findings on Count I to determine that the defendants were also entitled to summary judgment on Count II.

### **Count III. First Amendment**

In denying the team's second count, the court first held that Section 2(a) does not implicate the First Amendment because the USPTO's refusal to register an applicant's mark does not infringe upon the mark owner's First Amendment rights because the owner can still use the mark and no conduct is proscribed and no tangible form of expression is suppressed.

Second, citing to a recent Supreme Court decision allowing the Texas government to restrict the content of license plates (*Walker v. Tex. Div., Sons of Confederate Veterans, Inc. (Walker)*, 135 S. Ct. 2239 (2015) (upholding Texas' denial of confederate flag design on a specialty license plate) and the Fourth Circuit's mixed/hybrid speech test in *Sons of Confederate Veterans, Inc. v. Comm'r of Va. Dep't of Motor Vehicles (SCV)*, 288 F.3d 610 (4th Cir. 2002) (reversing

Virginia's denial of confederate flag design on a specialty license plate), the court held that the federal trademark registration program is government speech and is therefore exempt from First Amendment scrutiny. The court held that both the *Walker* and *SCV* factors weighed in favor of the federal trademark registration being considered government speech.

Applying *Walker*, the court concluded that all three factors weighed in favor of a finding that the federal trademark registration is government speech because: (1) the approval of the trademark by the USPTO communicates the message that the federal government has approved the trademark, (2) the use of the ® causes the public to closely associate the federal trademark registration with the federal government, and (3) the federal government has editorial control over the federal trademark registration program.

Applying the *SCV* balancing test, the court concluded that that the first three factors weighed in favor of a finding that the federal trademark registration is government speech because: (1) the central purpose of the program is to provide federal protection to trademarks nor of the expression of private views or interests, which lay in the creation of the mark itself, (2) the USPTO has editorial control and regularly rejects applications for registration under Section 2(a), and (3) the identity of the literal speaker is the federal government because the federal trademark registrations are published by the USPTO. The court found that the fourth factor weighed in favor of a finding of private speech, but did not outweigh the other three factors, because (4) the owners apply for the federal trademark registration and defend the federal trademark registration on their own.

#### **Count IV. Vagueness**

A statute is void for vagueness if the public is not given fair notice of what is prohibited by the statute or if the statute, as enforced, is discriminatory. The court found that Section 2(a) is not void for vagueness. In denying Count IV, the court explained that “(1) [Pro-Football, Inc.] cannot show that Section 2(a) is unconstitutional in all of its applications, (2) Section 2(a) gives fair warning of what conduct is prohibited, (3) Section 2(a) does not authorize or encourage “arbitrary and discriminatory enforcement” and (4) Section 2(a) is not impermissibly vague as applied to [Pro-Football, Inc.]”

#### **Count V-VI. Due Process Clause and the Takings Clause of the Fifth Amendment**

The court used the same analysis for Counts V and VI. The court found that the Due Process clause and Takings clause are not implicated in this case because the trademark registrations are not property — only the underlying trademark rights constitute a property interest. Because the team can still use the mark and still has ownership in the goodwill in the marks, the court determined that the team is not being deprived of a property right and no taking of property occurs by the enforcement of Section 2(a).

#### **Count VII. Laches**

In order to prevail under the laches defense, Pro Football had to prove that after turning 18, each defendant unreasonably delayed in petitioning the TTAB to cancel the REDSKINS marks. The court found that defendants did not unreasonably delay after they turned 18 because filing the petition any earlier than 2006 would likely have resulted in the filing of unnecessary petitions in

view of the pending *Harjo* proceedings. Further, the court held that the public interest at stake in this case weighs against the application of laches.

Please click [here](#) to read the order.

To subscribe or unsubscribe to this Intellectual Property Advisory,  
please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com)



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.





**The Importance of a Trademark  
Registration in a Global Economy**

**Maurine L. Knutsson**

***Banner & Witcoff IP Update***

***October 15, 2015***

# THE IMPORTANCE OF A TRADEMARK REGISTRATION IN A GLOBAL ECONOMY



BY: MAURINE L. KNUTSSON

A trademark registration is an important asset in a global and online economy. Owning a trademark registration can increase a company's value to potential investors or purchasers, allow a company to secure rights in a mark before it begins using the mark, and allow companies to take advantage of protections offered by customs and border patrol agencies. Further, owning a trademark registration allows businesses to take advantage of online takedown procedures provided by social media companies, search engines, and electronic marketplaces. Finally, ICANN (The Internet Corporation for Assigned Names and Numbers) offers several proceedings and tools for companies to stop third parties from using their registered trademark in domain names.

## KEEP YOUR COMPANY MARKETABLE

The electronic and global economy allows for new companies to start and grow quickly. Often, the goal of new or existing companies is to be purchased by a larger company. Additionally, many companies rely on funding from third party investors. Having a trademark registration is an essential piece of being marketable to buyers and investors. The longer the registration has been in place, the stronger it becomes and the more valuable your company becomes to buyers and investors.

## HOLDING YOUR PLACE FOR FUTURE GROWTH AND PREVENTING TRADEMARK SQUATTERS

In many countries, including the U.S., use of a trademark is not always a prerequisite for registration of a trademark. Many countries

are parties to treaties or international agreements that allow foreign companies to obtain a trademark registration based solely on a registration in their home country. Further, unlike the U.S., many countries allow both foreign and local businesses to obtain trademark registrations for marks that they may not yet be using, but intend to use. When a company obtains a registration before it begins using a mark in these countries, the company holds its place and preserves its rights to the mark while giving itself time to expand its business. Some countries even have a non-use grace period. During the grace period, usually three to five years after registration, the registration is not subject to attack by third parties purely based on non-use.

As explained above, the ability to obtain trademark registrations before a business begins using a mark can be a great tool. However, this same ability can also cause headaches for trademark owners when used by infringers or trademark squatters instead of the rightful trademark owner. In most countries, including the U.S., trademark applications and registrations are publicly available. Further, some countries (e.g. China) base trademark rights on first to file. In first to file jurisdictions, it doesn't matter whom starts using the mark first in the country or abroad, but only who applies for protection first. Therefore, it is not uncommon for third parties to watch trademark registers and file trademark applications in jurisdictions where trademark rights are based on the first to file, and not first to use. When this happens, the trademark owner is then left with three unappealing options: (1) buy the existing

registration or application from the squatter, (2) risk using its mark without a registration and infringing on the squatter's rights or (3) using a different mark. Therefore, it is often better for companies who know they will expand internationally to apply for trademark registrations as soon as they identify the countries of interest.

### **USING GOVERNMENT CUSTOMS TO PROTECT YOUR MARK**

The U.S. Customs and Border Protection can be an excellent resource for companies to protect themselves from counterfeit goods that are imported into the U.S. Once a company has a federal trademark registration, the registration can be recorded with the U.S. Customs and Border Protection. Once recorded, the trademark registration is available to customs inspectors at all entry ports in the U.S., where they can search containers and potentially take action against incoming products that infringe your registered mark. Additionally, many other countries have customs reporting systems similar to that of the U.S., that aid companies in protecting themselves from counterfeit goods being imported into the country where they own a registered trademark.

### **PROTECTING YOUR MARK ON SOCIAL MEDIA**

Social media is a great tool for business owners to advertise their brand and communicate with valued consumers. However, social media also allows infringers to set up a fake account or post unauthorized content that can harm your brand or allow infringers to profit off your goodwill.

Consumers expect a company's handle, Facebook URL, or Twitter account name to match the company's trademark.

Therefore, as a trademark owner you will likely want to take action if you find out that a third party owns "www.facebook.com/yourmark" or "www.twitter.com/yourmark."

Additionally, trademark owners will also want to take action if they find that third parties are insinuating a false connection between their goods and services and the trademark owner on social media by using the mark in the content of posts. Usually the quickest and most cost-effective way to remove infringing content from social media is to follow each site's takedown procedures.

Almost all social media companies have platforms that allow companies to request the takedown of accounts or posts that infringe their trademarks. These platforms allow for cost-effective measures that can be taken by companies at the first sign of infringement. Several social media complaint platforms, including Twitter, generally require the company to provide its trademark registration number. (See <https://support.twitter.com/articles/18367#>, detailing information needed to report a trademark policy violation and request that infringing material be taken down on Twitter.) Therefore, in order to make use of the takedown platform, it is essential to have a registered trademark.

### **PROTECTING YOUR MARK IN PAID SEARCH ENGINE ADS**

When a customer searches for your company in an online search engine, the customer is generally provided with two types of results: paid advertisements and non-paid organic results. If the paid advertisement result, which is usually at the top of the search results, uses your trademark in the ad text, it can cause confusion as to the source of the goods and services offered.

**MORE ▶**

[TRADEMARK REGISTRATION, FROM PAGE 9]

To help ease this confusion, most search engines provide a complaint platform for companies to request removal of the infringing ads. If you own a registered trademark for goods or services similar to those offered by the ad, the complaint has a good chance of resulting in the takedown of the infringing content. Although some search engines also allow for complaints to be filed based on common law trademark rights, the complaints are less likely to be successful without a trademark registration because the company has to prove that it has rights in its mark.

Unlike the use of another party's trademark in the text of an advertisement, search engines generally do not provide platforms for stopping third parties from purchasing your trademark as a keyword trigger. Most search engines offer keyword ad services, e.g. Google AdWords, BingAds, and Yahoo! Search Marketing. These keyword ad services allow companies to pay to have their advertisements appear near the top of the

- (1) Purchase your trademark and misspellings thereof as a keyword trigger for your company's website,
- (2) Include terms in any domain or trademark agreements with competitors preventing use of each other's trademarks in keyword triggers,
- (3) Create terms and conditions for affiliates and resellers that prevent them from buying keyword triggers that include your trademarks, and/or
- (4) Send cease and desist letters and/or file court actions against the purchasers of your trademark as a keyword trigger.

### **PROTECTING YOUR MARK IN E-COMMERCE MARKETPLACES**

Online marketplaces and selling platforms allow even the smallest of operations to sell goods online all over the world. E-commerce has made it easy for infringing goods to make their way to U.S. consumers. Consumers are buying more and more products online

**“A trademark registration can be an invaluable tool and something that is worth having in a company's arsenal long before a conflict arises.”**

search results when their purchased keyword is searched in a specific geographic area, even if the keyword is another's trademark. The law around purchasing others' trademarks as keywords is still unsettled in the U.S. Further, the law around this type of marketing varies between countries.

Although filing a complaint with the search engine company will generally not prevent third parties from using your trademark as a keyword trigger, there are several other ways businesses can try and prevent use of their marks as a keyword, including:

from electronic marketplaces, such as Amazon, eBay, Alibaba, and AliExpress. Many sellers on these types of sites are falsely portraying themselves and their products to consumers as genuine. Consumers buy these goods thinking they are getting the quality they expect from your brand, and instead end up with a low-quality alternative or counterfeit product. This can result in a weakening of your brand reputation.

Many of the infringing sellers on these platforms are not located in the U.S. and are unidentifiable. Further, once a seller is removed from a site, there is nothing

stopping the seller from creating a new online identity and starting back up again. If a company tries to attack each infringing use via traditional methods, it can quickly get expensive. Like social media sites and search engines, these online marketplaces also provide cost-effective methods for companies to report infringing products and sellers, and get the content removed. For example, complaints about products sold on Alibaba or AliExpress are filed through AliProtect, found here [http://legal.alibaba.com/index.htm?\\_localeChangeRedirectToken=1](http://legal.alibaba.com/index.htm?_localeChangeRedirectToken=1). However, again, such complaint forms require trademark registrations, not just common law rights, as the bases for claims.

## PREVENTING DOMAIN NAME CONFUSION

Registering a domain name is inexpensive and can easily become profitable, if: (1) the domain name includes a trademark or common misspelling of a trademark that causes a significant number of customers to be diverted to the registrant's webpage and (2) the domain owner sets up a pay-per-click service on the site. The most common tool for companies to take down these infringing sites is to file a Uniform Domain Name Policy (UDRP) arbitration proceeding. The only remedies available in these proceedings are the transfer of the domain name to the company or the cancellation of the domain name registration. Although UDRP proceedings can be won based on common law rights of the mark being infringed, the chances of success in a UDRP proceeding are greatly increased if the company has a trademark registration for the infringed mark.

Recently, the domain name interface changed to allow for new top-level domains. This means that instead of the limited top level domains that were available before, e.g. .COM, .NET, .US, .EU, .MOBI, etc. there can now be .SHOP,

.WEDDING, .BANK, .SUCKS, etc. domains. ICANN and its affiliates have been releasing these new top level domains slowly and in phases. ICANN offers trademark owners the option of recording their registered trademarks with the Trademark Clearinghouse. Recordation with the Trademark Clearinghouse provides three primary benefits: (1) it allows trademark registration owners to have priority in registering their trademark as the second level domain for new top-level domains, e.g. YOURTRADEMARK.SHOP, (2) ICANN alerts third parties of recorded marks when they apply for domain names including the mark, and (3) if a domain name is registered including the recorded mark, the mark owner is notified by ICANN of the possible infringement.

Building and protecting a brand in an economy that can change with the click of a mouse can be challenging for businesses both small and large. As explained above, owning a trademark registration can ease this burden and provide mark owners with unique tools for protecting their brand. Trademark registrations add value and certainty in a company's rights for investors and buyers. A trademark registration can allow a company to protect its mark from third parties before it begins using the mark in foreign jurisdictions. Trademark registrations allow owners to file cost-effective takedown complaints through Internet websites. Further, in order to take advantage of the Trademark Clearinghouse protections, your company must own a registered trademark.

The above only briefly touches on some of the many benefits a trademark registration can offer in a global economy. A trademark registration can be an invaluable tool and something that is worth having in a company's arsenal long before a conflict arises. ■



***Tam* Trademark Victory May Provide  
Game Plan for Washington Redskins**

**R. Gregory Israelsen**

***Banner & Witcoff Intellectual  
Property Alert***

***December 28, 2015***



## Intellectual Property Alert: *Tam* Trademark Victory May Provide Game Plan for Washington Redskins

By [R. Gregory Israelsen](#)

December 28, 2015 — Last week, the Federal Circuit held *en banc* that the disparagement provision of Section 2(a) of the Lanham Act is unconstitutional in violation of the First Amendment. Writing for the majority in *In Re Simon Shiao Tam* on December 22, Judge Moore explained, “The government cannot refuse to register disparaging marks because it disapproves of the expressive messages conveyed by the marks. It cannot refuse to register marks because it concludes that such marks will be disparaging to others.” After considering the provision under both strict scrutiny and intermediate scrutiny, the court concluded that, in either case, the disparagement provision fails to pass constitutional muster.

### Background

Simon Tam is the founder and bassist for the dance rock band, “The Slants.” Tam started the band in 2006, and admits that “the band’s name is ‘derived from an ethnic slur for Asians.’” He said, “We want to take on these stereotypes that people have about us, like the slanted eyes, and own them. We’re very proud of being Asian—we’re not going to hide that fact.”

Tam submitted two trademark applications for THE SLANTS. The first application was in 2010, which the U.S. Patent and Trademark Office refused based on “the mark [being] disparaging to people of Asian descent under § 2(a).” Tam again applied in 2011, and the USPTO again refused Tam’s application under § 2(a). The examiner acknowledged that “even though Mr. Tam may have chosen the mark to ‘reappropriate the disparaging term,’ . . . a substantial composite of persons of Asian descent would find the term offensive.”

On appeal, the Trademark Trial and Appeal Board affirmed the examiner’s refusal to register the mark. Tam appealed the Board’s decision to the Federal Circuit, arguing that the Board erred in finding the mark disparaging, and that § 2(a) is unconstitutional.

A panel of the Federal Circuit affirmed the Board’s finding that the mark was disparaging. In addition, based on binding precedent from 1981, the panel upheld the constitutionality of Section 2(a). Judge Moore, who authored the panel decision, also wrote separately that the *en banc* court ought to reconsider the constitutionality of § 2(a). The Federal Circuit *sua sponte* vacated the panel opinion, and ordered rehearing of the case *en banc*. Oral arguments were held on October 2, 2015.

## The Federal Circuit Opinion

On rehearing, the Federal Circuit held *en banc* that the disparagement provision of § 2(a) is unconstitutional. In doing so, the court reasoned that the provision would fail under both strict scrutiny and intermediate scrutiny. The court said, “every rejection under the disparagement provision is a message-based denial of otherwise-available legal rights,” and therefore “§ 2(a) is invalid on its face.” Removing the disparagement provision from the books avoids “case-by-case litigation over particular marks, based on speakers’ intent and government interests or other factors.”

As an initial matter, the court acknowledged that “[i]t is undisputed that [Section 2(a)] cannot survive strict scrutiny”; indeed, the government did not argue that point. The court further explained, “[s]trict scrutiny is used to review any governmental regulation that burdens private speech based on disapproval of the message conveyed.” Regulations that treat speech differently on the basis of its content or its viewpoint “raise the specter that the government may effectively drive certain ideas or viewpoints from the marketplace.” Because the disparagement provision of § 2(a) is neither content nor viewpoint neutral, strict scrutiny applies.

Instead of disputing whether Section 2(a) survives strict scrutiny, the government argued that trademarks are not subject to First Amendment protection, because they are not speech at all, they are government speech, or they are a government subsidy. The court rejected each of these arguments.

First, the government argued that § 2(a) does not implicate the First Amendment because even without a registered trademark, Tam is still free to speak as he will. The court likened the government’s argument to that advanced in *McGinley*, the precedent that bound the original Federal Circuit panel to consider *Tam*: “No conduct is proscribed, and no tangible form of expression is suppressed.” But First Amendment jurisprudence has developed significantly since 1981, when *McGinley* was decided. Indeed, the government’s argument does not acknowledge the full scope of the First Amendment’s protection. The court explained, “Lawmakers may no more silence unwanted speech by burdening its utterance than by censoring its content.” And “federal trademark registration bestows *truly* significant and financially valuable benefits upon markholders.” Therefore, because “[d]enial of these benefits creates a serious disincentive to adopt a mark which the government may deem offensive or disparaging, . . . § 2(a) has a chilling effect on speech,” which “violates the guarantees of the First Amendment.”

Second, the government argued that the First Amendment does not apply because “trademark registration and the accoutrements of registration—such as the registrant’s right to attach the ® symbol to the registered mark, the mark’s placement on the Principal Register, and the issuance of a certificate of registration—amount to government speech.” The court also rejected this argument, postulating, for example, that “copyright registration would likewise amount to government speech. . . . Thus, the government would be free, under this logic, to prohibit the copyright registration of any work deemed immoral, scandalous, or disparaging to others. This sort of censorship is not consistent with the First Amendment or government speech jurisprudence.”



Third, an issue that the judges discussed at length during oral argument—and again in the opinions—was whether trademark registration amounts to a government subsidy. Under the unconstitutional conditions doctrine, “even though a person has no ‘right’ to a valuable governmental benefit . . . there are some reasons upon which the government may not rely” to deny that benefit. This lies in tension with “Congress’s ability to direct government spending.” For example, “viewpoint-based funding decisions can be sustained in instances in which the government used private speakers to transmit specific information pertaining to its own program.” In the present case, the Federal Circuit distinguished Section 2(a)’s disparagement provision from the Supreme Court “subsidy cases” cited by the government, at least on the grounds that “the subsidy cases have all involved government funding or government property.” Trademark registration, by contrast, “does not implicate Congress’s power to spend or to control use of government property.” Furthermore, Section 2(a)’s disparagement provision “is completely untethered to the purposes of the federal trademark registration process.” Thus, the court concluded that “[i]t would be a radical extension of existing precedent to permit the government to rely on its power to subsidize to justify its viewpoint discrimination.”

In addition, the government argued that even if trademarks are speech, they are commercial speech, and therefore only subject to intermediate scrutiny. But the court also rejected this argument, explaining that even if some trademarks are merely commercial speech, “it does not follow . . . that all government regulation of trademarks is properly reviewed under the . . . intermediate scrutiny standard.” Moreover, even if Section 2(a) were considered under intermediate scrutiny, the court said, “§ 2(a) immediately fails.” The court explained, “[t]he entire interest of the government in § 2(a) depends on disapproval of the message.” In summary, “[a]ll of the government’s proffered interests boil down to permitting the government to burden speech it finds offensive. This is not a legitimate interest.” As the Supreme Court has said, “In public debate we must tolerate insulting, and even outrageous, speech in order to provide adequate breathing space to the freedoms protected by the First Amendment.”

The majority was clear that “nothing we say should be viewed as an endorsement of the mark at issue.” Recognizing “that invalidating [Section 2(a)] may lead to the wider registration of marks that offend vulnerable communities,” the court explained that “much the same can be (and has been) said of many decisions upholding First Amendment protection of speech that is hurtful or worse. . . . Even when speech inflicts ‘great pain,’ our Constitution protects it ‘to ensure that we do not stifle public debate.’”

## **Impact**

For Tam and his band, the prospect of trademark registration looks promising. The Federal Circuit remanded the case to the Trademark Trial and Appeal Board for further proceedings, and assuming that THE SLANTS mark meets the other requirements for registration, the band’s name is likely to be granted trademark registration. Of course, the Federal Circuit’s holding is subject to appeal, and if the Supreme Court decides to grant certiorari in the case, Tam may have to wait a while longer—and prevail again—before the Patent and Trademark Office would allow his application.

Additionally, many have speculated that a victory for Tam would pave the way for reinstatement of the trademark for Washington's professional football team, the Redskins. Six REDSKINS trademarks were cancelled in 2014 by the Trademark Trial and Appeal Board, based on the Board's determination that the term disparages Native Americans. The Board's decision was upheld in July 2015 by the U.S. District Court for the Eastern District of Virginia, and is now on appeal at the Fourth Circuit in a case styled *Pro-Football, Inc. v. Amanda Blackhorse et al.* In response to the Federal Circuit's opinion in *Tam*, the appellee United States filed an unopposed motion in the Fourth Circuit, requesting an extension of time for the appellees to file their briefs. The court granted the extension of time; appellees' response briefs are now due February 4, 2016. The case has not yet been calendared for oral argument.

The Fourth Circuit is not bound by the Federal Circuit's holding in *Tam*. But portions of the *Tam* opinion seemed to be written with the Fourth Circuit in mind. For example, *Tam* cited multiple times from the brief of amicus curiae Pro-Football, Inc., which owns the REDSKINS trademarks. And the opinion further cited examples of cases where the Ninth Circuit, Fifth Circuit, and D.C. Circuit applied the unconstitutional conditions doctrine to protect speech under the First Amendment from government overreach. If, however, the Fourth Circuit in *Pro-Football, Inc.* reaches a different outcome than the Federal Circuit did in *Tam* (e.g., if the Fourth Circuit upholds the constitutionality of Section 2(a)'s disparagement provision), then the Supreme Court is likely to grant certiorari in at least one case to resolve the resulting circuit split.

The opinion in *Tam* is available [here](#).

To subscribe or unsubscribe to this Intellectual Property Advisory, please send a message to Chris Hummel at [chummel@bannerwitcoff.com](mailto:chummel@bannerwitcoff.com).



[www.bannerwitcoff.com](http://www.bannerwitcoff.com)

© Copyright 2015 Banner & Witcoff, Ltd. All Rights Reserved. The opinions expressed in this publication are for the purpose of fostering productive discussions of legal issues and do not constitute the rendering of legal counseling or other professional services. No attorney-client relationship is created, nor is there any offer to provide legal services, by the publication and distribution of this edition of IP Alert.

# **Additional Published Works**



**Patent Claim Construction in the  
Federal Circuit, 2015 Edition**

**Robert H. Resis  
(Contributing Author)**

***Intellectual Property Law  
Association of Chicago/  
Thomson Reuters***

***April 2015***

**PATENT CLAIM CONSTRUCTION IN  
THE  
FEDERAL CIRCUIT  
(2015 edition)**

**by the Litigation Committee of the  
Intellectual Property Law Association  
of Chicago (IPLAC)**



**Edward D. Manzo  
Editor-in-Chief  
April, 2015**

**IPLAC LITIGATION COMMITTEE CONTRIBUTORS:**

Edward D. Manzo (Husch Blackwell LLP)  
Erik Flom, Ph.D. (Husch Blackwell LLP)  
Adam G. Kelly (Loeb & Loeb LLP)  
Marron Mahoney  
Kevin E. Noonan, Ph.D. (McDonnell Boehnen Hulbert & Berghoff LLP)  
Robert H. Resis (Banner & Witcoff, Ltd.)  
Prof. Joshua D. Sarnoff (DePaul Univ., College of Law)  
Prof. David L. Schwartz (Chicago-Kent College of Law)  
Philip D. Segrest (Husch Blackwell LLP)  
Roshan Shrestha, Ph.D. (Leydig, Voit & Mayer, Ltd.)  
Michael R. Weiner (Marshall, Gerstein & Borun LLP)



*For Customer Assistance Call 1-800-328-4880*

© 2015 Thomson Reuters

This publication was created to provide you with accurate and authoritative information concerning the subject matter covered; however, this publication was not necessarily prepared by persons licensed to practice law in a particular jurisdiction. The publisher is not engaged in rendering legal or other professional advice and this publication is not a substitute for the advice of an attorney. If you require legal or other expert advice, you should seek the services of a competent attorney or other professional.

ISBN 978-0-314-63651-5

# Table of Contents

## CHAPTER 0. AN INTRODUCTION TO, PREMISES OF, AND PROBLEMS WITH PATENT CLAIM CONSTRUCTION

- § 0:1 Claim construction for courts
- § 0:2 Claim construction for all
- § 0:3 The purpose, history, and objective nature of patent claim construction
- § 0:4 The substance and form of utility patent claims
- § 0:5 Additional considerations that complicate patent claim construction
- § 0:6 The current procedures for patent claim construction
- § 0:7 The current (Phillips) “method” for performing claim construction
- § 0:8 The current “rules” for performing claim construction
- § 0:9 Conclusion

## CHAPTER 1. OVERVIEW OF CLAIM CONSTRUCTION PRINCIPLES

### I. SUBSTANTIVE INTRODUCTION

- § 1:1 Claim construction defined
- § 1:2 The problematic nature of claim construction
- § 1:3 When claim construction is required
- § 1:4 When claim construction is not required
- § 1:5 Relationship of indefiniteness to claim construction
- § 1:6 Use of public record
- § 1:7 Overview from *Phillips (en banc)*

### II. INTRINSIC EVIDENCE

- § 1:8 Preference for intrinsic evidence
- § 1:9 What constitutes intrinsic evidence
- § 1:10 Cases regarding intrinsic evidence—Generally

### III. PLAIN MEANING

- § 1:11 Determining plain meaning
- § 1:12 Post-*Phillips* ordinary and customary meaning cases

## PATENT CLAIM CONSTRUCTION IN THE FEDERAL CIRCUIT

- § 1:13 Rebirth of the heavy presumption of ordinary and customary meaning
- § 1:14 Changing the plain meaning
- § 1:15 Patentee as lexicographer

### **IV. REFERENCE DATE FOR DETERMINING THE CLAIM MEANING**

- § 1:16 Conflict resolved in *Phillips*
- § 1:17 Time-dependent terms

### **V. CONTEXT**

- § 1:18 Types of context
- § 1:19 Context of the accused product

### **VI. TYPES OF PATENT CLAIMS**

- § 1:20 Method claims
- § 1:21 Product claims and method limitations
- § 1:22 Product-by-process claims
- § 1:23 Product claims
- § 1:24 Claims in mixed classes of subject matter
- § 1:25 Dependent or independent?

### **VII. FOCUS REMAINS ON CLAIM LANGUAGE**

- § 1:26 Analytical focus
- § 1:27 A meaning for each word
- § 1:28 Different meanings for different words
- § 1:29 Same meaning for same words (rule of internal consistency)
- § 1:30 Ambiguity and non-ambiguity of claims
- § 1:31 Absurd or nonsensical results
- § 1:32 Claim construction and errors in patents

### **VIII. OTHER BASES FOR CLAIM CONSTRUCTION**

- § 1:33 Impact of PTO examiner constructions on subsequent constructions
- § 1:34 Information disclosure statements
- § 1:35 Continuation-in-part prosecutions

### **IX. THE ORDINARILY SKILLED ARTISAN**

- § 1:36 Historical emphasis
- § 1:37 Discussion in *Phillips* (*en banc*)



TABLE OF CONTENTS

§ 1:38 Current cases regarding the ordinarily skilled artisan and claim construction

**X. INTERPRETING CLAIMS TO SUSTAIN VALIDITY**

§ 1:39 General rule against “validity construction”

**XI. CONSTRUCTION OF CLAIMS IN THE PATENT AND TRADEMARK OFFICE**

§ 1:40 PTO rule for construction of claims

**CHAPTER 2. CLAIM LANGUAGE AND OTHER EVIDENCE**

**I. PARTS OF THE CLAIM**

- § 2:1 Preambles—Historical rule
- § 2:2 Case regarding preambles
- § 2:3 Transition terms—“comprising” and “comprises”
- § 2:4 —“Comprised of”
- § 2:5 —Jepson type: “wherein the improvement comprises . . . .”
- § 2:6 —“Consisting essentially of”
- § 2:7 —“Consisting of”
- § 2:8 —Markush groups: “selected from the group consisting of”
- § 2:9 —“Containing”
- § 2:10 —“Including” or “includes”
- § 2:11 —“Comprising the steps of”
- § 2:12 Use of past participle implies sequence
- § 2:13 Optional (permissive) terms
- § 2:14 Comparative or functional terms
- § 2:15 Alternate terms
- § 2:16 —Distinctness of claim elements (common components)
- § 2:17 —Direct or indirect causation
- § 2:18 Printed matter limitations

**II. CLAIM DIFFERENTIATION**

- § 2:19 Historical rule
- § 2:20 Claim differentiation in *Phillips*
- § 2:21 Claim differentiation—Applied
- § 2:22 —Rebutted

**III. WRITTEN DESCRIPTION**

- § 2:23 Historical background

## PATENT CLAIM CONSTRUCTION IN THE FEDERAL CIRCUIT

- § 2:24 General applications
- § 2:25 Written description—Broad interpretation cases
- § 2:26 —Narrow interpretation cases
- § 2:27 —Disclaimers or disavowals
- § 2:28 [*Reserved*]
- § 2:29 Specification describes the whole invention
- § 2:30 No importation of specification details to avoid  
invalidity over prior art
- § 2:31 Advantages and purposes of the invention
- § 2:32 Claiming or excluding the disclosed embodiment
- § 2:33 Cases embracing the preferred embodiment
- § 2:34 Cases excluding the preferred embodiment
- § 2:35 Concordance
- § 2:36 Miscellaneous

### IV. PROSECUTION HISTORY

- § 2:37 Discussion in *Phillips*
- § 2:38 Statements by the inventor or representative
- § 2:39 Limiting cases (prosecution disclaimers)
- § 2:40 Nonlimiting cases
- § 2:41 Broadening cases
- § 2:42 Nonbroadening cases
- § 2:43 Statements by the PTO examiner
- § 2:44 Statements in related patent prosecutions
- § 2:45 Miscellaneous prosecution events

### V. EXTRINSIC EVIDENCE

- § 2:46 Extrinsic evidence defined
- § 2:47 Development of heavy reliance on dictionaries and  
other technical resources
- § 2:48 *Phillips* discussion of dictionaries
- § 2:49 Cases regarding use of dictionaries
- § 2:50 Dictionaries and “means-plus-function” claims
- § 2:51 Extrinsic evidence: other reference works
- § 2:52 Extrinsic evidence: subjective intent and inventor  
testimony
- § 2:53 Expert testimony—Generally
- § 2:54 Post-*Markman* development of subjective intent and  
expert testimony
- § 2:55 Expert testimony—Current cases
- § 2:56 Technology tutorials
- § 2:57 Court—appointed experts, technical advisors, and  
other extrinsic evidence

## TABLE OF CONTENTS

### **VI. SECTION 112(F) (FORMERLY SECTION 112, PARAGRAPH 6)**

- § 2:58 Statutory framework: “means-plus-function” claims
- § 2:59 Determining whether § 112, ¶ 6 (§ 112(f)) applies
- § 2:60 Whether § 112(f) applies when “means” is not recited in the claim
- § 2:61 Cases when “means” is recited in the claim
- § 2:62 Methodology: when § 112, ¶ 6 (§ 112(f)) applies
- § 2:63 Methodology: determining the claimed function
- § 2:64 Determining the corresponding structure
- § 2:65 Step-plus-function

### **CHAPTER 3. DESIGN PATENTS**

- § 3:1 Statutory framework and characteristics of design patents
- § 3:2 Construction of the design patent claim
- § 3:3 Exception to claim construction requirement
- § 3:4 Limitation on claim scope: functionality doctrine
- § 3:5 Miscellaneous aspects of claim scope

### **CHAPTER 4. CLAIM INDEFINITENESS**

- § 4:1 Statutory framework and background of indefiniteness
- § 4:2 Standards for finding indefiniteness
- § 4:3 Cases finding no indefiniteness
- § 4:4 Cases finding claims indefinite

### **CHAPTER 5. PROCEDURE AND TIMING**

- § 5:1 Duty of litigants regarding claim construction
- § 5:2 Duty of attorneys regarding claim construction
- § 5:3 Duty of courts regarding claim construction
- § 5:4 Masters and magistrates may perform claim constructions
- § 5:5 Hearings not required
- § 5:6 Timing of claim constructions
- § 5:7 “Rolling claim constructions” authorized
- § 5:8 Local procedural rules regarding claim constructions
- § 5:9 Form of claim construction rulings
- § 5:10 Propriety of summary judgment
- § 5:11 Jury issues
- § 5:12 Estoppel issues at the district court
- § 5:13 Estoppel issues—Other
- § 5:14 Jurisdiction—District courts
- § 5:15 —Federal Circuit

## PATENT CLAIM CONSTRUCTION IN THE FEDERAL CIRCUIT

- § 5:16 The standard of review
- § 5:17 Scope of review—Generally
- § 5:18 Scope of review: waiver issues—Generally
- § 5:19 —Futile objection rule
- § 5:20 Estoppel on appeal
- § 5:21 Cross appeals concerning claim interpretation
- § 5:22 Other issues regarding scope
- § 5:23 Interlocutory appeals
- § 5:24 Prior (or other) adjudications
- § 5:25 Law of the case
- § 5:26 Proceedings on remand
- § 5:27 Miscellaneous procedural
- § 5:28 Potential claim construction issues affecting transfer of venue
- § 5:29 Relationship of claim construction to joinder, consolidation, and MDL proceedings
- § 5:30 Stipulations

## **CHAPTER 6. GLOSSARY—COMMON ARTICLES, PRONOUNS & MODIFIERS**

- § 6:1 Introduction
- § 6:2 Common articles and modifiers in the claim body

## **CHAPTER 7. CASE TABLES, CONCORDANCES & STATISTICAL DATA**

- § 7:1 Summary judgments
- § 7:2 Opinion writers
- § 7:3 Topical index/concordance
- § 7:4 Topics addressed in current cases

### **Table of Cases**

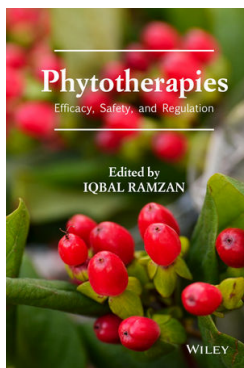


**Phytotherapies: Efficacy, Safety,  
and Regulation**

**Ernest V. Linek  
(Chapter 24 Author)**

***Wiley***

***May 2015***

[Read an Excerpt](#)

## Phytotherapies: Efficacy, Safety, and Regulation

[Iqbal Ramzan](#) (Editor)

ISBN: 978-1-118-26806-3

672 pages

May 2015

### Description

Covering fundamentals and new developments in phytotherapy, this book combines pharmaceutical sciences and chemistry with clinical issues.

- Helps readers better understand phytotherapy and learn the fundamentals of and how to analyze phytotherapeutic agents
- Discusses phytotherapy in modern medicine, chemoprevention of disease, and alternatives to western medicines for specific diseases
- Chapters summarize the uses and applications of phytomedicines, by type like Chinese, Greco-Arab, Indian, European, and Ayurvedic
- Includes international regulatory perspectives and discusses emerging regulations for various established and emerging markets

### Table of Contents

List of Contributors xvii

Preface xxi

#### **1 Phytotherapies—Past, Present, and Future 1**

*Iqbal Ramzan and George Q. Li*

##### 1.1 Overview of Phytotherapy 1

###### 1.1.1 Definition 1

###### 1.1.2 International Trend in the Usage of Complementary Medicines 2

##### 1.2 Preclinical Research on Phytotherapies 3

###### 1.2.1 Pharmacognosy and Quality Standardization of Phytotherapies 3

###### 1.2.2 Pharmacological Studies and Identification of Bioactive Compounds 4

###### 1.2.3 Application of Proteomics and Metabolomics in Phytotherapy Research 5

##### 1.3 Clinical Research on Phytotherapies 6

###### 1.3.1 Efficacy of Popular Phytotherapies 6

###### 1.3.2 Chinese Herbal Medicines 7

1.3.3 Food Nutrition and Translational Research 7

1.4 Safety of Phytotherapies 8

1.5 Profile of Research in Complementary Medicine 9

1.5.1 International Profile 9

1.5.2 Australian Profile of Research in Complementary Medicines 10

1.6 Summary and Future Directions 12

References 12

## **2 Quality Control and Quality Assurance of Phytomedicines: Key Considerations, Methods, and Analytical Challenges 18**

*Wai ]Ping Yau, Cheong Hian Goh, and Hwee ]Ling Koh*

2.1 Introduction 18

2.2 Key Considerations in Qc/Qa of Phytomedicines 20

2.2.1 Identification and Good Agricultural and Collection Practices (GACP) 20

2.2.2 Contamination 22

2.2.3 Substitution 25

2.2.4 Adulteration 25

2.2.5 Contents and Standardization 26

2.2.6 Stability 26

2.2.7 Processing 26

2.3 Methods for Qc/Qa of Phytomedicines 27

2.3.1 Macroscopic Evaluation 27

2.3.2 Microscopic Evaluation 27

2.3.3 Physicochemical Analysis 29

2.3.4 Chemical Fingerprinting 29

2.3.5 DNA Fingerprinting 35

2.3.6 "Omics" Technology 36

2.4 Challenges 37

2.5 Conclusions 40

References 40

## **3 Preclinical (In Vivo) and Laboratory (In Vitro) Evidence of Phytomedicine Efficacy 49**

*Mohi Iqbal Mohammed Abdul and Tom Hsun ]Wei Huang*

3.1 Introduction to Development of Drugs from Nature 49

3.2 Use of In Vitro and in Vivo Models in Herb Drug Research: Learning Thus Far 50

3.2.1 In Vitro Assays 50

3.2.2 In Vivo Assays 51

3.3 Cardiovascular ] and Stroke ]Related Diseases: In Vitro and In Vivo Focus 53

3.3.1 Cardiovascular Diseases 53

3.3.2 Stroke 55

3.4 Conclusions 60

References 61

#### **4 Clinical Efficacy Trials with Natural Products and Herbal Medicines 65**

*Christina L. Nance*

4.1 Introduction 65

4.2 Trials in Various Disease States 66

4.2.1 Profile: RCT of Natural Product in Rheumatoid Arthritis (RA) 66

4.2.2 Asthma 67

4.2.3 Cancer 68

4.2.4 Cardiovascular Disease 68

4.2.5 Diabetes 69

4.2.6 Dermatology 70

4.2.7 Gastroenterology 70

4.2.8 Viral Infections 72

4.3 Natural Product: Green Tea 73

4.3.1 Green Tea Catechin, Epigallocatechin Gallate (EGCG) 73

4.4 Egcg Clinical Trials 75

4.4.1 Polyphenon E 75

4.4.2 Safety, Toxicity, and Pharmacokinetics 75

4.4.3 Metabolism 76

4.4.4 Clinical Studies 76

4.4.5 Cancer Studies 77

4.5 Human Clinical Study: Egcg and Hiv ]1 Infection 78

4.5.1 Translational Medicine: EGCG: Bench ]to ]Bedside 78

4.5.2 Phase I Clinical Trial: Polyphenon E in HIV ]1 Infection 79

4.6 Conclusion 80

References 80

#### **5 Novel Formulations and Drug Delivery Systems for Phytotherapies 89**

*Shengpeng Wang, Meiwang Chen, Qi (Tony) Zhou, and Hak ]Kim Chan*

5.1 Limitations of Conventional Formulations for Herbal Medicines 89

5.1.1 Barriers in Physicochemical and Biological Properties 89

5.1.2 Challenges in Quality and Safety Assurance 90

5.1.3 Conventional Formulations Limit the Therapeutic Efficacy of Herbal Medicines 90

5.2 Crucial Issues of Developing Novel Delivery Systems for Herbal Medicines 91

5.2.1 How Novel Delivery Systems Follow the Tradition? 91

5.2.2 Pharmacokinetic Research on Delivery Systems for Herbal Medicines 92

5.2.3 Safety Considerations on Delivery Systems for Herbal Medicines 92

5.3 Novel Delivery Systems of Herbal Medicines 93

5.3.1 Pulmonary Delivery of Herbal Medicines 93

5.3.2 Nanocarriers of Herbal Medicines for Drug/Gene Delivery 94



5.3.3 Surface Modification of Nanocarriers by Herbal Medicines 95

5.3.4 Herbal Medicines as Photosensitizers for Photodynamic Therapy 95

5.4 Summary 96

References 97

## **6 Phytotherapies Used by Indigenous Populations 101**

*Bradley S. Simpson and Susan J. Semple*

6.1 Introduction 101

6.2 Phytotherapies of Indigenous Australians 103

6.2.1 Introduction 103

6.2.2 Philosophy and Knowledge Transmission 104

6.2.3 Ailments Treated with Medicinal Plants 106

6.2.4 How Plant Medicines Have Been Used 107

6.2.5 Methods of Plant Preparation 109

6.2.6 Prized and Commonly Used Plants in Australian Indigenous Medicine 111

6.3 Challenges of a Changing Environment 114

6.3.1 Safety of Australian Phytotherapies 115

6.3.2 Development and Regulation of Australian Indigenous Medicines 116

6.3.3 Integration of Traditional and Western Medicine in Indigenous Populations 117

6.4 Conclusions 117

References 118

## **7 Phytotherapies from Traditional Chinese Medicine 122**

*Michael Rieder*

7.1 Traditional Chinese Medicine 122

7.2 Key Concepts in Traditional Chinese Medicine 124

7.3 Herbal Medicine and Traditional Chinese Medicine 126

7.4 Issues in the Development of Phytotherapy from Traditional Chinese Medicine 130

7.5 Phytotherapies Developed from Traditional Chinese Medicine 131

7.6 Huang Qin Tang and the Development of Phy906 134

7.7 Ginseng 136

7.8 Moving Forward 138

References 138

## **8 Integrating Traditional Greco ]Arab and Islamic Diet and Herbal Medicines in Research and Clinical Practice 142**

*Bashar Saad*

8.1 Introduction 142

8.2 Food Therapy in Greco ]Arab and Islamic Medicine 147

8.2.1 Honey 148

8.2.2 Olive Oil 149

8.2.3 Dates 151

8.2.4 Carob (*Ceratonia siliqua*) 152

8.2.5 Fig ( <i>Ficus carica</i> )	153
8.2.6 Pomegranate ( <i>Punica granatum</i> )	153
8.2.7 Garlic ( <i>Allium sativum</i> ) and Onion ( <i>Allium cepa</i> )	154
8.2.8 Edible Wild Plants	154
8.3 Medicinal Plants	157
8.3.1 Black Seed ( <i>Nigella sativa</i> )	160
8.3.2 Fenugreek ( <i>Trigonella foenum ]graecum</i> )	167
8.3.3 Sage ( <i>Salvia officinalis</i> )	168
8.3.4 Khella ( <i>Ammi visnaga</i> )	168
8.3.5 Milk Thistle ( <i>Silybum marianum</i> )	168
8.3.6 Marjoram ( <i>Origanum majorana</i> )	171
8.3.7 Garlic ( <i>Allium sativum</i> ) and Onion ( <i>Allium cepa</i> )	172
8.3.8 Tayun ( <i>Inula viscosa</i> )	172
8.3.9 Rocket ( <i>Eruca sativa</i> )	172
8.3.10 Nettle ( <i>Urtica dioica</i> )	173
8.3.11 Peppermint ( <i>Mentha piperita</i> )	173
8.3.12 Chamomile ( <i>Chamomilla recutita</i> )	174
8.3.13 Coriander ( <i>Coriandrum sativum</i> )	175
8.3.14 Anise ( <i>Pimpinella anisum</i> )	175
8.3.15 Rosemary ( <i>Rosmarinus officinalis</i> )	175
8.3.16 Devil's Dung ( <i>Ferula asafetida</i> )	176
8.3.17 Ginger ( <i>Zingiber officinale</i> )	176

References 177

## **9 Evolution of Herbal Medicines in Europe and its Relationship with Modern Medicine 183**

*Elizabeth M. Williamson and Kelvin Chan*

9.1 Background	183
9.2 Historical Perspective	184
9.3 European Herbal Medicine: Relationship with Modern Medicine	194
9.4 Summary	194

References 196

## **10 Chemical Classification and Chemistry of Phytotherapeutics Constituents 199**

*Pei H. Cui and Colin C. Duke*

10.1 Introduction	199
10.2 Phytochemicals	201
10.2.1 Alkaloids	201
10.2.2 Flavonoids	205
10.2.3 Glycosides and Saponins	208
10.2.4 Phytosterols	209
10.2.5 Fatty Acids	212

10.2.6 Essential Oils 214

10.2.7 Terpenes 214

10.3 Other Phytochemicals 215

10.4 Medicinal Effects Relating to Dietary Intake 217

10.4.1 Anti ]oxidants 217

10.4.2 Omega ]3 Long Chain Fatty Acids and Derivatives 220

10.5 Natural Products as Leads for Drug Development 223

10.5.1 Catechol Moiety of Piceatannol: Implication and Significance 224

10.5.2 SAR Studies for Drug Development 226

10.6 Summary 230

References 230

## **11 Therapeutic Potential of Ginsenosides in Management of Atherosclerosis 236**

*Xiao ]Jing Zhang, Huanxing Su, Yi-Tao Wang, and Jian-Bo Wan*

11.1 Introduction 236

11.2 Chemical Diversity of Ginsenosides and Distribution 238

11.3 Anti ]Atherosclerotic Effects of Ginsenosides 240

11.4 Underlying Mechanisms of Ginsenosides Against Atherosclerosis 244

11.4.1 Regulation of Blood Lipid Profile 244

11.4.2 Anti ]oxidant Activity 251

11.4.3 Anti ]vascular Inflammation 252

11.4.4 Effect on Vascular Cells 255

11.4.5 Anti ]platelet Effects 257

11.4.6 Anti ]angiogenesis Effects 257

11.5 Conclusions and Future Perspectives 258

Acknowledgments 258

References 258

## **12 Phytotherapy Pharmacophores for Major Cellular Drug Targets 268**

*Jennifer A. Ong, Paul W. Groundwater, and David E. Hibbs*

12.1 Introduction 268

12.2 What is a Pharmacophore? 269

12.3 Pharmacophore Models of Cardiovascular Drugs 270

12.4 Pharmacophore Models for Anticancer Drugs 285

12.5 Pharmacophore Models for Anti ]Inflammatory Drugs 290

12.6 Pharmacophore Models for Anti ]Infective Drugs 297

12.7 Pharmacophore Models for Neurological Drugs 299

12.8 Pharmacophore Models for Miscellaneous Drugs 305

12.9 Conclusions 309

References 309

### **13 Use of Kava as a Phytotherapeutic Agent and Kava ]Related Hepatotoxicity 312**

*Dong Fu and Iqbal Ramzan*

- 13.1 Introduction 312
- 13.2 Active Components in Kava 313
- 13.3 Therapeutic Applications of Kava 314
- 13.4 Pharmacology of Kava 314
  - 13.4.1 Anti ]psychotic Effects of Kava 314
  - 13.4.2 Anti ]cancer Effects of Kava 316
- 13.5 Side Effects of Kava 317
- 13.6 Hepatotoxicity of Kava 318
  - 13.6.1 Inhibition of Cytochrome P450 Enzymes Activities 318
  - 13.6.2 Reduction of Liver Glutathione 319
  - 13.6.3 Induction of Hepatic Inflammatory Responses 320
  - 13.6.4 Inhibition of Cyclooxygenase Enzyme Activity 320
  - 13.6.5 Inhibition of Hepatic Transporters 321
  - 13.6.6 Damage of Hepatic Mitochondria 321
- 13.7 Summary and Future Challenges 322
- References 323

### **14 Phytotherapies as New Drug Sources: Gossypol and Curcumin 330**

*Vivian Wan Yu Liao, Rajeshwar Narlawar, David E. Hibbs, and Paul W. Groundwater*

- 14.1 Botanical Sources of Gossypol and Curcumin 330
- 14.2 Stereoisomerism, Tautomerism, and Reactivity 332
  - 14.2.1 Stereoisomerism 332
  - 14.2.2 Tautomerism 333
  - 14.2.3 Reactivity 333
- 14.3 Biological Activity of Gossypol and its Analogues 337
  - 14.3.1 Antifertility 337
  - 14.3.2 Anticancer 338
  - 14.3.3 Antiviral 341
  - 14.3.4 Antimalarial 345
  - 14.3.5 Other Biological Activity 346
- 14.4 Biological Activity of Curcumin and its Analogues 346
  - 14.4.1 Introduction 346
  - 14.4.2 Anticancer 348
  - 14.4.3 Anti ]inflammatory and Antioxidant 354
  - 14.4.4 Curcumin in Neurodegenerative Diseases 357
  - 14.4.5 Antimalarial 359
  - 14.4.6 Other Biological Activity 360
- References 360

## **15 Phytotherapies for the Management of Obesity and Diabetes 370**

*Michel Rapinski and Alain Cuerrier*

- 15.1 Introduction 370
- 15.2 Plants from the North American Pharmacopoeia 372
- 15.3 Pharmacological Screening: Providing Empirical Evidence for Phytotherapies 379
  - 15.3.1 Diabetes 379
  - 15.3.2 Obesity 384
- 15.4 Community ]Based Participation: Developing Phytotherapies from Traditional Knowledge 385
- 15.5 Conclusions 387
- References 387

## **16 Phytotherapeutics for Cancer Therapy 394**

*Daniel M. ]Y. Sze, Hao Liu, Maureen V. Boost, Raimond Wong, and Stephen Sagar*

- 16.1 Introduction 394
- 16.2 Anticancer Phytotherapeutics With Nk Enhancement 395
  - 16.2.1 Effects of Clinically Useful Phytocompounds on Cancer Patients' NK Cell Immunity, Quality of Life (QoL), and Overall Survival 395
  - 16.2.2 Commonly Used Phytotherapeutics in Cancer Management 395
  - 16.2.3 Phytotherapeutic Formulae for Cancer via NK Modulation 409
- 16.3 Conclusions 423
- References 425

## **17 Phytomedicines for Fatty Liver Disease and Functional Gastrointestinal Conditions 429**

*George Q. Li, Moon ]Sun Kim, Fangming Jin, and Jun ]Lae Cho*

- 17.1 Introduction 429
- 17.2 Phytomedicines for Fld 430
  - 17.2.1 Introduction and Pharmacotherapy 430
  - 17.2.2 Treatment of Fatty Liver with Herbal Medicines 433
  - 17.2.3 Common Herbs Used in Fatty Liver Management 433
- 17.3 Phytomedicines for Ibs 439
  - 17.3.1 Introduction and Pharmacotherapy 439
  - 17.3.2 Treatment of IBS in Traditional Medicine 440
  - 17.3.3 Common Herbs Used in the Management of IBS 440
- 17.4 Phytomedicines for Constipation 444
  - 17.4.1 Treatment of Constipation with Herbal Medicines 445
  - 17.4.2 Common Herbs Used in the Management of Constipation 446
- 17.5 Summary and Future Perspectives 448
- References 448

## **18 Phytomedicines for Inflammatory Conditions 464**

*Sigrun Chrubasik ]Hausmann*

- 18.1 Traditional Medicines for Inflammatory Conditions in Europe 464
- 18.2 Twenty ]First ]Century Update on Pains 465

18.3 Oral Extracts from Salix Species	465
18.3.1 Efficacy	467
18.3.2 Safety	467
18.4 Oral Extracts from Harpagophytum procumbens	468
18.4.1 Efficacy	469
18.4.2 Safety	469
18.5 Oral Avocado–Soybean Unsaponifiables	469
18.5.1 Efficacy	470
18.5.2 Safety	473
18.6 Oral Extracts From Tripterygium wilfordii	473
18.6.1 Efficacy	473
18.6.2 Safety	474
18.7 Oral Pains Containing Unsaturated Fatty Acids	475
18.7.1 Efficacy	475
18.7.2 Safety	475
18.8 Other Oral Pains	476
18.9 Topical Pains	477
18.9.1 Efficacy	478
18.9.2 Safety	478
References	478

## **19 Phytotherapies for Infectious Diseases: Are These Really Useful? 483**

*Gail B. Mahady, Gabrielle Escalante, Pooja Mikkilineni, Laura J. Mahady, Temitope O. Lawal, and Bolanle A. Adeniyi*

### The History of Medicine 483

19.1 Introduction	484
19.2 Historical Precedent for Natural Products as Antimicrobial Drugs	486
19.3 Are Phytotherapies Useful for the Treatment of Infectious Diseases? 487	
19.3.1 Cranberry ( <i>Vaccinium macrocarpon</i> Ait)	488
19.3.2 Turmeric ( <i>Curcuma longa</i> L.) as an Antimicrobial Agent	492
19.3.3 Ginger ( <i>Zingiber officinale</i> L.) as an Antimicrobial Agent	494
19.4 Naturally Occurring Compounds that may Reduce Zoonosis	495
19.5 Synergistic and Additive Effects with Antibiotics	496
19.6 New Emerging Infectious Diseases and those with no Known Treatments	496
19.7 Sars	497
19.8 Reducing Mrsa Carriage	498
19.9 Conclusions	499

References 500

## **20 Phytomedicines for CNS Disorders: Safety Issues for use with Antiepileptic Drugs 504**

*Sophia Yui Kau Fong, Rosina Yau Mok, Qiong Gao, Yin Cheong Wong, and Zhong Zuo*

20.1 Introduction	504
-------------------	-----

20.2 Methodology of Systematic Literature Search 506

20.3 Pharmacokinetic Interactions 506

20.3.1 Carbamazepine 507

20.3.2 Phenytoin 507

20.3.3 Valproate 510

20.3.4 Diazepam 511

20.3.5 Phenobarbitone 511

20.3.6 Newer Generations of Antiepileptic Drugs 512

20.4 Pharmacodynamic Interactions 512

20.4.1 Antiepileptic Effects 513

20.4.2 Sedative Effects 517

20.4.3 Anxiolytic Effects 520

20.4.4 Memory Impairment Effects 520

20.4.5 Motor Incoordination Effects 523

20.5 Conclusions 524

References 524

## **21 Phytotherapies: Drug Interactions in Cancer 536**

*Andrew J. McLachlan and Stephen J. Clarke*

21.1 Introduction 536

21.2 Use of Herbal and Complementary Medicines by People Living with Cancer 537

21.3 Mechanisms of Phytotherapy-Drug Interactions 538

21.4 Selected Examples of Phytotherapy Medicines that have the Potential to Cause Drug Interactions in Cancer 540

21.4.1 Black Cohosh (*Cimicifuga racemosa*) 540

21.4.2 Echinacea (*Echinacea purpurea*) 541

21.4.3 Fenugreek (*Trigonella foenum graecum*) 541

21.4.4 Ginkgo Biloba 542

21.4.5 Asian Ginseng (*Panax ginseng*) 542

21.4.6 Green Tea (*Camellia sinensis*) 543

21.4.7 Kava Kava (*Piper methysticum* Forst. f.) 544

21.4.8 Liquorice (*Glycyrrhiza uralensis*) 544

21.4.9 Milk Thistle (*Silybum marianum*) 544

21.4.10 St. John's Wort (*Hypericum perforatum*) 545

21.4.11 Valerian (*Valeriana officinalis*) 546

21.5 Future Perspectives: Need for Evidence and Advice to Cancer Patients and Physicians 546

21.6 Conclusions 547

Acknowledgments 547

Conflict of Interest 547

References 547

## **22 Quality Use of Medicines: Considerations in Phytotherapy 554**

*Lynn Weekes*

- 22.1 Introduction 554
  - 22.1.1 Judicious Use 554
  - 22.1.2 Appropriate Selection 555
  - 22.1.3 Safe and Effective Use 555
  - 22.1.4 The QUM Paradigm 555
- 22.2 Relevance of Qum for Herbal Medicines 556
  - 22.2.1 Is the QUM Framework Relevant for Herbal Therapies? 556
- 22.3 Use of Phytotherapies by Consumers 558
- 22.4 Consumer Attitudes and Beliefs about Herbal Medicines 559
  - 22.4.1 Holistic View of Health and Well ]Being 559
  - 22.4.2 It is Natural, So it Must be Safe 560
- 22.5 Applying the Qum Framework to Phytotherapies 561
  - 22.5.1 Judicious Use 561
  - 22.5.2 Appropriate Selection 562
  - 22.5.3 Safe and Effective Use 563
  - 22.5.4 Adverse Reactions 563
  - 22.5.5 Interactions 564
  - 22.5.6 Allergy 565
  - 22.5.7 Safe Formulation 565
  - 22.5.8 Effectiveness 565
- 22.6 Building Blocks for Quality Use of Herbal Medicines 566
  - 22.6.1 Objective Information and Ethical Promotion 566
  - 22.6.2 Education and Training 568
  - 22.6.3 Systems and Interventions 569
  - 22.6.4 Shared Decision Making 569
- 22.7 Conclusion 570
- References 570

## **23 Intellectual Property and Patent Issues with Phytotherapy Products 573**

*Gint Silins, Jennifer Tan, and Kelvin Chan*

- 23.1 Introduction 573
  - 23.1.1 Historical and Current Aspects of Intellectual Property 573
  - 23.1.2 Types of Intellectual Property Rights 574
    - 23.1.3 Worldwide IP Laws Have Yet to Be Harmonized 575
- 23.2 Ip Rights—Phyto ]Industry 575
  - 23.2.1 IP Protection for Phytotherapy Products and Phytotherapies 575
  - 23.2.2 Patents 576
  - 23.2.3 Patents as IP Assets 576



23.2.4 Patents for Protecting Phyto ]Inventions	577
23.2.5 Exclusions to Patentability	577
23.3 Brief Overview of Patents and the Patenting Process	578
23.3.1 Patent Searching	578
23.3.2 Patent Ownership	578
23.3.3 Patent Filing	579
23.3.4 Examination and Classification	579
23.3.5 Allowance and Grant	579
23.3.6 Extension of Patent Term	579
23.4 Other Types of IP Rights	585
23.4.1 Trade Secrets	585
23.4.2 Regulatory Exclusivity and Restricted Third ]Party Access	585
23.4.3 Plant Variety Protection	586
23.4.4 Industrial Designs	586
23.4.5 Trademarks	586
23.5 Patenting Trends for Phytotherapeutics	587
23.6 Traditional Knowledge and IP Rights	587
Disclaimer	589
References	590

## **24 International Regulatory Status of Phytotherapies 593**

*Ernest V. Linek*

### **24.1 Introduction 593**

#### **24.1.1 Country Law Sources 594**

#### **24.1.2 Common Requirement: Good Manufacturing Practices 594**

#### **24.2 Specific Country Regulations 596**

##### **24.2.1 Current Regulations in Australia 596**

##### **24.2.2 Current Regulations in Canada 597**

##### **24.2.3 Current Regulations in China 604**

##### **24.2.4 Current Regulations in the European Union (EU) 609**

##### **24.2.5 Current Regulations in India 616**

##### **24.2.6 Current Regulations in Japan 619**

##### **24.2.7 Current Regulations: United Kingdom 622**

##### **24.2.8 Current Regulations in the United States 625**

#### **24.3 Future of Phytotherapies: World Health Organization (Who) 631**

Further Reading 634

Index 635

**See Less**

---

## Author Information

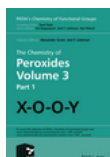
**Iqbal Ramzan** is the Dean of the Faculty of Pharmacy at the University of Sydney, Australia. He is a registered pharmacist and holds a Diploma of the Australian Institute of Company Directors. Dr. Ramzan also served two terms as a Fellow of The University. He is an author/co-author of over 140 publications in pharmacokinetics, pharmacodynamics, drug assays, and drug metabolism. Dr. Ramzan is a member of several professional committees and councils, including the Director of the Council of Pharmacy Schools (Australia and New Zealand). He also serves on the Australian Government's Pharmaceutical Subcommittee of the Advisory Committee on Prescription Medicines.

## Related Titles



**Natural Products:  
Discourse, Diversity,  
and Design**

by Anne Osbourn (Editor),  
Rebecca Goss (Editor),  
Guy T. Carter (Editor)



**The Chemistry of  
Peroxides, Volume 3**

by Joel F. Liebman  
(Editor), Alexander Greer  
(Editor)



**Natural Products  
Analysis:  
Instrumentation,  
Methods, and  
Applications**

by Vladimir Havlicek  
(Editor), Jaroslav Spizek  
(Editor)



**Organic Syntheses,  
Volume 89**

by Mark Lautens



**Comments in Response to USPTO's  
Request for Comments on  
Enhancing Patent Quality, Fed. Reg.  
Vol. 80, No. 24 (February 5, 2015)**

**Robert S. Katz and Darrell G. Mottley**

***Delivered to U.S. Patent and  
Trademark Office***

***May 6, 2015***



1100 13<sup>TH</sup> STREET, N.W., SUITE 1200  
WASHINGTON, D.C. 20005-4051

TEL: 202.824.3000  
FAX: 202.824.3001  
www.bannerwitcoff.com

May 6, 2015

Commissioner for Patents of the United States Patent and Trademark Office  
Attn: Michael Cygan  
Senior Legal Advisor, Office of Patent Legal Administration  
Office of the Deputy Commissioner for Patent Examination Policy  
P.O. Box 1450  
Alexandria, VA 22313-1450  
via email: WorldClassPatentQuality@uspto.gov

**Re: Comments in response to USPTO's Request for Comments on Enhancing Patent Quality, Fed. Reg. Vol. 80, No. 24 (February 5, 2015)**

Dear Commissioner:

We are attorneys with Banner & Witcoff, Ltd., an intellectual property law firm with more than 100 IP professionals in Washington, DC, Chicago and Boston. For the twelfth consecutive year, our firm has obtained more U.S. design patents than any other law firm. Banner & Witcoff attorneys procured 790 U.S. design patents for our clients in 2014 and nearly 7,000 U.S. design patents since 2006. Accordingly, the design patent system and the quality of design patents issued by the U.S. Patent & Trademark Office (USPTO) are extremely important to Banner & Witcoff and its clients.

**Comments and Suggestions Regarding Proposal 3 Under Pillar 1: Clarity of the Record**

We respectfully request that the USPTO enhance the print quality of the images in its issued design patents. The scope of design patents is essentially formed by the figures which depict the design to be protected. Indeed, it is the images of a design patent that are compared to an accused product to determine design patent infringement.

However, we have noticed that the print quality of images in U.S. design patents varies. In many cases, sharp crisp lines in filed drawings are poorly reproduced and end up appearing rough, jagged, and/or blurry in the resulting design patent. In many cases, reproduced solid lines in filed drawings which form part of the claim appear as broken or dashed lines (which give the impression that they do not form part of the claim). In many other instances, reproduced dashed lines in filed drawings which do not form part of the claim appear as solid lines giving a false impression that they might form part of the claim.

Design patents where the drawings include graphical images are sometimes reproduced with grids or other patterns thereon which were not part of the drawings as filed. In many of these cases the quality of the drawings filed by the applicant was diminished in the reproduction process. While the filed higher quality images are part of the prosecution history, lower quality reproductions of the images in the U.S. design patent have the potential of complicating litigation. In sum, the U.S. design patents should have images with a higher print quality to improve the quality of the design patents. We respectfully request that the USPTO take all available steps to achieve this goal.

In addition to improved image quality resulting in the improvement in the quality of the design patents, it would have the added benefit of assisting in the examination process of future design patent applications. Design patents are searched by design patent examiners as part of the examination processes. Better reproduced images will assist design patent examiners in determining whether a design patent should or should not be used as a reference during examination.

It is our understanding that this print quality issue is due in part to the use of a technology which converts images in PDF files into a TIFF image format. Further, it appears that reproduction of color figures are done in a different process or with a different setting enabling them to reproduce differently and at a much higher quality. Accordingly, if in fact the USPTO can use a "color" setting and/or process to bypass the varied results of using the TIFF conversion process, it is respectfully requested that the USPTO use this process on all design patent drawings – or at least until a different process is established which will not materially reduce the quality of the design patent images.

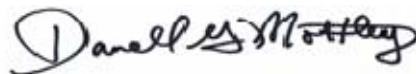
Further to this point, we endorse the letter submitted by Sterne Kessler Goldstein & Fox P.L.L.C. on May 5, 2015 on this topic, and join them in calling for enhanced quality in patent drawings.

The views expressed herein are our own and are not to be attributed to any other person or entity including Banner & Witcoff, Ltd., or any client of the firm.

Respectfully submitted,



Robert S. Katz



Darrell G. Mottley

# **Webinars**



**Safeguarding GUIs: Best Practices  
Using Multiple Layers of IP,  
Including Design Patents, Utility  
Patents, Copyright and Trade Dress**

**Robert S. Katz**

***IPO Chat Channel***

***April 29, 2015***

## **Safeguarding GUIs: Best Practices Using Multiple Layers of IP, including Design Patents, Utility Patents, Copyright and Trade Dress**

Webinar Date: 04/29/2015

Protecting the IP of Graphical User Interfaces (GUI) is tricky – and crucial. Successful GUI is key to strategy at many corporations these days, as more manufactured products offer sophisticated digital features and connectivity through the Internet of Things. Our panelists — an attorney expert in design patents, an in-house lawyer who works to protect the inventions of an “experience design” team, and a software IP specialist — will discuss how best to protect GUIs using multiple layers of IP.

Design patents are certainly important, and have come to the fore recently because of Apple’s success in enforcing a GUI design patent against Samsung. But some sophisticated companies have actually backed off from filing design patents on GUI, concerned about how crowded the field is with prior art and how the quick pace of design changes during product development and even after launch make it necessary to file multiple applications to have any hope of a patent strong enough to enforce.

Utility patents protecting the functionality of GUI are facing their own challenges. A number of these patents have been invalidated in post-grant proceedings based on prior art. New patent applications face a higher hurdle because of Alice. Some experts wonder if copyright protection could fill the gap. Trade dress claims can be preempted by a registered copyright, but alone they may well be effective in protecting a GUI from copycats — if the GUI is already well-known and is associated by consumers with its particular source.

### **Speakers:**

Michael Hsu, *Adobe Systems Inc.*

Robert Katz, *Banner & Witcoff, Ltd.*

Robert Lord, *Osha Liang, LLP*



# **Media Mentions**



**“Patent ‘Trolls’ Target Automakers,  
and Ford Pushes Back”**

**Robert H. Resis**

***Automotive News***

***February 11, 2015***



Automotive News

**THE NEW DATA CENTER IS HERE!**  
CHECK IT OUT FREE THIS WEEK

Technology » Ford

## Patent 'trolls' target automakers, and Ford pushes back

2 Comments | Print | Reprints | Respond | [f](#) [in](#) [t](#) [r](#) [s](#)



### Related Topics

- Technology
- Software
- Litigation and Regulations
- Regulation
- Henry Ford
- Ford
- Vehicle Technology
- California
- Patent Infringement

Gabe Nelson [+](#) [r](#)  
Automotive News

February 11, 2015 - 6:42 am ET

SAN FRANCISCO -- Ford Motor Co. was sued for patent infringement more than a dozen times between 2012 and 2014, but not by jilted suppliers or rival automakers.

It was the "patent trolls."

These outfits, also known as patent assertion companies, initiate patent cases but don't sell products of their own. By buying patents and filing lawsuits to allege misuse of intellectual property, they have won billions of dollars in licensing fees and court judgments.

They have been a consistent thorn in the side of technology companies since the dot-com boom of the 1990s. And the auto industry is their newest target.

**Like collecting rent**

To its practitioners, patent assertion is merely the exercise of a legal right. Patents are an asset, they argue; suing a company over its use of intellectual property is no different from buying a parcel of land and asking the people using it to pay rent.

But patent lawsuits remain extremely frustrating to companies such as Ford. Patent assertion companies filed 107 lawsuits against automakers and suppliers in 2014, up from 17 lawsuits in 2009, according to San Francisco-based RPX Corp., which bills itself as helping corporations fend off trolls.

Now Ford is pushing back. The company told *Automotive News* that it recently inked a contract with RPX, which has spent nearly \$1 billion amassing a portfolio of patents that could otherwise pose a threat to members such as Intel Corp., Microsoft Corp. and Samsung Group.

"We take the protection and licensing of patented innovations very seriously," a Ford spokesman wrote in an e-mail. "And as many smart businesses are doing, we are taking proactive steps to protect against those seeking patent infringement litigation."

Automakers may not be willing to spend hundreds of millions of dollars buying patents solely for legal defense. RPX hopes they will instead join Ford in signing up with the firm, whose members pay an average of \$1.5 million annually for access to a shared portfolio of patents.

Most of the current portfolio is geared toward information technology, but RPX plans to add

**Nominations Now Open – Click Here!**

Exclusive lead sponsor: **Deloitte**

**REG BY MARCH 27**

### Newsletters & Alerts

- Breaking News Alerts** [Sample](#)
- Daily Summary** [Sample](#)
- First Shift (AM Newscast)** [Sample](#)
- AutoNews Now (PM Newscast)** [Sample](#)
- Weekly Summary** [Sample](#)
- Cars & Concepts Weekly** [Sample](#)
- U.S. Sales Report** [Sample](#)
- F&I Report Weekly** [Sample](#)
- Automotive News China Report** [Sample](#)

### Latest Headlines

- Patent 'trolls' target automakers, and Ford pushes back
- Penske Automotive reports 23% gain in Q4 net income
- Wilson sees plenty to fix at GM
- Honda to add capacity in Ohio, anticipating truck boom
- Ford to unveil Police Interceptor Utility
- UK gives go-ahead to test driverless cars on roads
- **More Headlines**

automotive patents as well.

"At the end of the day it's a cost, it's highly unpredictable, and because it's highly unpredictable, it's a lot more of a distraction than it should be," John Amster, the CEO of RPX, said in an interview Tuesday after revealing the Ford deal on an earnings call.

### An expensive proposition

Automakers' exposure to patent lawsuits could increase in coming years as cars rely more heavily on software. It was historically easier to apply for a patent on software than on a manufacturing process or a physical device, so there are more of these patents to be used as ammunition in a court case, said Robert Resis, a Chicago-based patent attorney at Banner & Witcoff.

But many patents being used to sue automakers come from within the industry.

In one April 2014 case, a patent assertion company called Signal IP Inc. sued Ford along with BMW, Fiat, Honda, Jaguar-Land Rover, Kia, Mazda, Mercedes-Benz, Mitsubishi, Nissan, Porsche, Subaru, Volkswagen and Volvo. It claimed these automakers were violating patents on a wide range of electronic features, from keyless entry to airbag sensors and lane departure warning systems.

The patents in question had been registered in the 1990s and 2000s by Delphi Corp., the former supplier arm of General Motors, and by Delphi's predecessor, Delco Electronics Corp. How they ended up with Signal IP is unclear, but less than six months before filing the lawsuit, Signal IP bought a group of patents from Delphi for \$1.7 million, according to disclosures by its parent company, Marathon Patent Group.

Simply defending against such a lawsuit can cost an automaker millions of dollars. Losing in court can cost significantly more.

In 2011, Hyundai was ordered to pay \$11.5 million in damages to a company called Clear With Computers, which claimed Hyundai had violated its patent on a method of designing customized booklets for prospective customers.

A year earlier, Toyota settled with a company called Paice LLC over a claim that the Toyota Prius' hybrid powertrain violated one of Paice's patents.

Terms of the settlement weren't disclosed, but earlier, a court had ordered Toyota to pay a \$5 million penalty and \$98 in royalties for every hybrid sold. Toyota has sold more than 1.5 million units of the Prius in the U.S. since 2000.

### Henry Ford's fight

Ford has a long history of fighting what it sees as patent abuse.

In 1879, the New York attorney George Selden filed a patent application for a "road engine" based on his idea for an automobile powered by an internal combustion engine. He delayed the application for 16 years by filing revisions and in 1895 secured his patent, though he had never built an automobile.

Backed by a wealthy investor, Selden threatened to sue U.S. automakers.

Most of them, including Packard, Olds and Cadillac, paid royalties rather than go to court. The exception was Henry Ford, who prevailed in court by arguing Selden's patent was limited to two-stroke engines, not the four-stroke engines in his cars.

"No man has a right to profit by a patent only," Ford said in 1925, reflecting on the episode. "That produces parasites, men who are willing to lay back on their oars and do nothing. If any reward is due the man whose brain has produced something new and good, he should get enough profits from the manufacture and sale of that thing."

You can reach **Gabe Nelson** at [gnelson@crain.com](mailto:gnelson@crain.com).



**Automotive News Europe**  
**CONGRESS**

**June 9-10, 2015**  
**Birmingham U.K.**

Exclusive Lead Sponsor: **EY** Building a better working world

Platinum Sponsor: **Castrol**

Gold Sponsors: **Invest MACEDONIA**

**Save up to €350 - Register before March 31!**

### Jobs Board



**vAuto Performance Manager - Anywhere in the U.S.**

TX - vAuto - A Cox Automotive Company

**Automotive Sales Managers**

Phoenix, AZ - Van Tuyl Group

**Dealership Development Manager**

Madison, WI - American Financial and Automotive Services, Inc

**Used Car Manager's Texas and Colorado**

TX - Confidential

**T** [Post a Job](#)

[More Jobs](#)

Fort Worth, TX - Park Place Mercedes-Benz Fort Worth

**Management**

Norco, CA - Car Champs

**General Manager**

Phoenix, AZ - Van Tuyl Group

**Director of Fixed Operations**

Deposit, NY - Leonard Bus Sales, Inc.

**Territory Manager**



**“Patent Damages at Issue as U.S.  
High Court Accepts Stryker Case”**

**Bradley C. Wright**

***Bloomberg***

***October 19, 2015***

# Patent Damages at Issue as U.S. High Court Accepts Stryker Case

---

Susan Decker and Greg Stohr

October 19, 2015 — 10:39 AM CDT

The U.S. Supreme Court will use cases involving surgical tools and electronic components to determine when a patent owner can collect increased damages after winning an infringement verdict.

Stryker Corp. is seeking to triple the \$70 million a jury said Zimmer Biomet Holdings Inc. should pay for using inventions that let surgical devices clean bones without paying. In a second case, Halo Electronics Inc. is seeking to increase the \$1.5 million in damages it was awarded from larger rival Pulse Electronics Inc. The court agreed Monday to hear both cases together.

The justices will look at an appeals court's rulings that have made it more difficult to get enhanced damages, even if a jury finds that the infringer knew of the patent and used the invention anyway. Companies can say they had a reasonable belief the patent was invalid or not infringed to escape the penalty for "willful infringement."

The effect is "immunizing infringers from enhanced damages so long as they present at least one plausible defense," Stryker said in its [petition](#) with the high court.

Stryker and Halo, in separate [petitions](#), argued the standard set by the U.S. Court of Appeals for the Federal Circuit, which handles patent cases, is too rigid.

The near-elimination of higher damage awards is part of a string of cases that have reduced the amount that patent owners can collect at trial. The difficulty for the courts has been in finding a balance between deterring abusive lawsuits by patent owners out for a quick buck and ensuring competitors' disputes are resolved fairly.

'Rigid Rules'

The justices likely took the case because they “view this as another example of the Federal Circuit imposing rigid bright-line rules as a predicate for reaching a legal conclusion,” said Brad Wright, a patent lawyer with Banner & Witcoff in Washington.

In the Stryker case, the trial judge tripled the jury award “given the one-sidedness of the case and the flagrancy and scope of Zimmer’s infringement” of a pulsed lavage, a technique that removes damaged tissue and cleans bones during joint-replacement surgery.

Stryker had developed a portable lavage device that would replace Zimmer’s bulky machines, and Zimmer responded by hiring someone to “make one for us.” After additional costs were added, the final judgment in the case was \$228 million.

The Federal Circuit upheld the infringement verdict but threw out the increased damage award, saying that Zimmer had presented “reasonable defenses” to Stryker’s claims.

In the Halo case, the trial judge threw out the jury’s finding of willfulness on the same legal grounds. The Federal Circuit upheld that decision.

The Halo dispute involves a component called a surface mount transformer that’s attached to a circuit board. The companies compete to supply the transformers to Cisco Systems Inc. for use in Internet routers.

The cases are Stryker Corp. v. Zimmer Inc. 14-1520 and Halo Electronics Inc. v. Pulse Electronics Inc., 14-1513, both U.S. Supreme Court.

---

• Stryker Corp • Zimmer Inc • Halo Electronics Inc • U.S. Court of Appeals • Supreme Court • Susan L Decker • Pulse Electronics Inc • Washington • Brad W Wright • Cisco Systems Inc

---

## From The Web

Sponsored Links by Taboola

A credit card is offering an unbelievable 6% cash back  
NextAdvisor



**“Water Flavorings Lawsuit May  
Mean End of Gravy Train in Texas”**

**Bradley C. Wright**

***Bloomberg***

***October 27, 2015***



# Water Flavorings Lawsuit May Mean End of Gravy Train in Texas

---

Susan Decker

October 27, 2015 — 12:34 PM CDT

---

Could a fight over flavoring water mean the end of a court district that's become notorious for its patent litigation?

It might, if Heartland Consumer Products Holdings LLC is successful in getting a patent-infringement lawsuit filed against it last year by Kraft Heinz Co. in Delaware moved to a court in its home state of Indiana.

In their request, Heartland's lawyers are looking beyond those two states. A victory for them could be felt the most in one patent-friendly court, the Eastern District of Texas, where more patent suits are filed than in any other and which Heartland holds up as an example of litigants seeking to have their cases heard where they have the best chance of winning.

"This is obviously an important policy question with the potential of shaking-up patent litigation strategy," said Dennis Crouch, a law professor at the University of Missouri School of Law, who wrote about the case on his [Patently-O blog](#).

The case involves flavoring pouches for water. Kraft, which sells the [MiO](#) water enhancer, filed the suit in Delaware, where the Kraft Foods Group is incorporated. Heartland makes its products under brands including Refreshe, Skinnygirl and Sunkist in Indiana.

The U.S. Court of Appeals for the Federal Circuit in Washington, which handles all patent appeals, is at least considering the issue of where the case should be heard. On Monday, it ordered Kraft to submit a response to Heartland's transfer petition.

Resident Districts

Patent cases must be filed in the districts where the defendants “resides” or has a regular and established place of business. A 1990 court ruling eased the standard of what it means to “reside” in a court district and “has produced enormous venue shopping opportunities in patent-infringement actions,” Heartland said in its request.

Forum-shopping by lawyers has meant that a quarter of all patent suits filed last year were in the Eastern District of Texas, according to data compiled by Bloomberg.

Changing the standard for where a case is heard won't be easy, said Brad Wright, a patent lawyer with Banner & Witcoff in Washington. Since Heartland is asking the court to overturn a precedent, it would require action by all active judges of the court, not just the usual three-judge panel.

“It could be an uphill battle,” he said. “The statute does have a broad definition of residency.”

## Judicial Turnover

On the other hand, the court has seen a major turnover of judges who “might have an interest in taking a fresh look” at the old standard, he said. Seven of the 12 judges were appointed by President Barack Obama since 2010.

In addition, there is Supreme Court precedent on a similar issue that contradicts the Federal Circuit, said Crouch, who thinks the case has a “good shot” at being heard by the whole court.

The Eastern District of Texas encompasses a wide geographic area, but most suits are filed in the courthouse in Marshall, a historic town of about 24,000 people. Four of the biggest patent verdicts in U.S. history have been in that district, all since 2009, according to data compiled by Bloomberg.

Of the top 10 most litigious firms in the U.S., at least eight file the bulk of their suits in eastern Texas, according to an analysis of data from RPX Corp., a San Francisco patent-risk management services company.

Some suits are cases between big companies, like the royalty battle between Ericsson AB and Apple Inc.

Technology companies, which get sued more than other industries, have been looking for ways to get their cases out of Texas for years and are pushing Congress to change the rules.

In 2008, the Federal Circuit ruled that the convenience of the defendants and location of key witnesses must be considered, leading to a raft of cases being sent out of the Texas courts.

Since then, the judges in Texas, who have been loath grant transfer requests, are giving in more often.

More importantly, the lawyers have been getting smarter at arguments to keep the cases in Texas,

Wright said.

The case is In Re: TC Heartland LLC, 16-105, U.S. Court of Appeals for the Federal Circuit (Washington)

---

• Heartland LLC • Texas



**“An International One-Stop Shop  
for Design Patents”**

**Richard S. Stockton**

***Chicago Daily Law Bulletin***

***May 21, 2015***



May 21, 2015

## An international one-stop shop for design patents

BY **ROY STROM**  
LAW BULLETIN STAFF WRITER

Filing for design patents in countries across the globe just got easier.

The U.S. government last week officially joined a World Intellectual Property Organization (WIPO) program that, in theory, can turn a single design patent application in one country into one filed in more than 50 countries.

One application submitted to the Hague System for the International Registration of Industrial Designs can lead to design patents being granted by the U.S., Japan, the European Union, South Korea and others. More countries, including China and Russia, are also expected to join.

The Hague System and others like it are increasingly important as multinational companies seek to protect their IP across borders.

Richard S. Stockton, a partner at Banner & Witcoff Ltd., said U.S. entry into the program shows it has promise, but there is a lot to consider for attorneys offering this new service to clients.

A similar program for utility patents, The Patent Cooperation Treaty (PCT), has been widely successful. It includes 148 countries and has brought in more than 75 percent of WIPO's fees, according to the organization.

While that program is more mature than the Hague System for design patents, WIPO predicts Hague application fees will grow 38 percent in the 2014-2015 period from the two years prior. Growth in application fees for utility patents are expected to be 4 percent over that same time.

Stockton spoke to the Daily Law Bulletin about whether the Hague is the next PCT, why the U.S. is entering the treaty now and what hiccups still exist in the process.

**Law Bulletin:** Why is the U.S. joining this just now?

**Stockton:** Although the Hague System has been around for many years, it was only in recent history that it was expanded to accommodate examination-based design patent systems, such as those in (the) U.S., Japan and (South) Korea.



Richard S. Stockton

**JULY 22 – 30, 2015**

**National Session:  
Boulder, CO**

Practice and Perfect Essential Skills with the Best Teachers of Trial Advocacy in the Country.

[Register Now](#)

**GIVE YOUR BUSINESS PLAN A BOOST**

Cutting-edge programs on profitability, competitive intelligence and firm strategy

Attend LMA Midwest programs and learn from marketing's most strategic professionals

LEGAL MARKETING ASSOCIATION  
MIDWEST CHAPTER

[WWW.LEGALMARKETING.ORG/MIDWEST](http://WWW.LEGALMARKETING.ORG/MIDWEST)

**Looking for office space?**

Find your office on [Classifieds.LawBulletin.com](http://Classifieds.LawBulletin.com)

You May Also Like

**Poll shows most doubt fairness in court ACA ruling**

**San Francisco police face scrutiny over racist texts**

**Two high-profile cases put camera ban in spotlight**

**Niro lawyers to face more fee penalties**

That was in 1999. We showed great interest immediately and went about becoming a member of the Hague System. However, politically, the Senate didn't advise and consent on the treaty until 2006. So it took seven years for the Congress to ratify the action of the State Department.

*Serving the Law Profession since 1854*

[Home](#)

[Courts](#)

[Pro bono pro wants to help pro se litigants](#)

[Hot-tempered judge finds himself facing suspension](#)

[Appeals court revives lawsuit on negligence](#)

[Backward Glances](#)

The theme is: It's a long process to get into a treaty, especially in today's political climate.

**LB:** The PCT has been successful in harmonizing filings for utility patents across the globe. What is the hope for the Hague System and design patents?

**Stockton:** I think the Hague System aspires to be what the PCT is for utility patents. It's a universal way to file for and obtain protection on a certain class of intellectual property.

I think there are some more difficulties with that on the design patent side. In the field of design law, what you need to file, and what its value is and meaning is not as harmonized across jurisdictions as it is with utility patents. So there is going to be a high road they are facing to do these things.

**LB:** What are the major benefits you see with of the Hague patent system?

**Stockton:** So, what you had to do before — if I wanted to protect a design in Europe, the U.S., Japan and (South) Korea, for instance — I have to file four separate applications, pay four application fees and I have to hire four sets of lawyers to file them all.

Now, you pay one set of fees, you need one set of lawyers, and that thing issues in all those jurisdictions.

The amount of fees — if everything works properly — it's sought to be cheaper and more efficient through the Hague System.

**LB:** Is it as simple as, "file one application and all is over with" or are there complexities?

**Stockton:** There are a lot of complexities that can throw off practitioners. Particularly practitioners who are not experienced or those who have high-demanding clients who need the best protections in these jurisdictions.

The nuance of each nation's system and the uniqueness of each of those systems still remain. Moreover, just by the law of unintended consequences, there have been developments in U.S. case law that are making harmonization more of a challenge.

One example is the concept of unity. Unity is the assessment of whether you can include multiple designs in the same application.

In Europe, you can put a hammer and a screwdriver in the same application, file it and effectively they are registered as separate embodiments (patented designs). But they can go through the application process together.

In the United States and a lot of other jurisdictions that have just joined the Hague, they have a very different standard of unity.

The United States' standard is whether things are patentably indistinct. If the designs look such that they are patentably indistinct — and that is a value judgment formulated by case law

#### Latest listings from Jobs.LawBulletin.com

[Attorneys - Associate Attorney](#)

[Paralegals - Litigation Paralegal](#)

[Attorneys - Attorney Tax Dispute R](#)

[Attorneys - Attention: Law Student Editor \(temporary\)Law Bulletin Pub Company](#)

[Attorneys - Associate Attorney Pers Workers Compensation](#)

[Attorneys - Attorney Plaintiff Perso](#)

— then they can stay in the same application. But a hammer and a screwdriver? No way those are going to stay together.

And that will make it hard on European practitioners who might be surprised by those rules. And potentially more expensive because they have to file more applications, which are more

expensive in the U.S. to begin with.

**LB:** What are your expectations for the Hague System?

**Stockton:** I see the glass as being half full with the Hague System. I think it has great potential.

A lot of these obstacles, and unity is a hard one just because of the case law in America ... can be solved either through unilateral action by the jurisdictions involved or by the Hague governing group.

I'm still optimistic, but it could take a long time to get this to work.

Send to friend

[Click here to enter an extra message...](#)

#### Resources

[Advanced Search](#)

[Awards](#)

[Email Opt Out](#)

[Law Bulletin Anniversary](#)

[Logon Help](#)

[Password Help](#)

[Subscribe](#)

[Privacy Policy](#)

[Classifieds](#)

[Contact Us](#)

[Jobs](#)

[Law Day](#)

[Newsstands](#)

[RSS](#)

[Subscriber Terms](#)

[Site Map](#)

#### Products

[Law Bulletin Publishing Co](#)

[JuraLaw](#)

[CourtBriefs](#)

[New Suits](#)

[AccessPlus](#)

[Sullivan's Law Directory](#)

[Jury Verdict](#)

[Law Bulletin Seminars](#)



*Serving the city's law profession since 1854*

[Home](#)

[Courts ▼](#)

[Calendar](#)

[Public Notices](#)



**"Patently Dangerous: Rise of the  
'Death Squad'"**

**Charles W. Shifley**

***Chicago Lawyer***

***August 1, 2015***



# Chicago Lawyer

## Patently dangerous: Rise of the 'death squad'

August 01, 2015

By Roy Strom

When President Barack Obama signed the America Invents Act in 2011, the administration hailed it as the most significant reform of the patent statute since 1952.

"Here in America, our creativity has always set us apart, and in order to continue to grow our economy, we need to encourage that spirit wherever we find it," the president said in a statement at the time.

Nearly four years later, though, many argue that the law is an outright threat to creativity, diminishing the value of patents and, in doing so, waning the very incentive to innovate that the law sought to stoke.

The main reason for that critique is a new and controversial process known as inter partes review. It allows parties to challenge the validity of patents in an 18-month process in front of a panel of three administrative law judges at the U.S. Patent and Trademark Office.

If the panel finds that the patent never should have been issued in the first place, it has the power to eliminate portions of the patent or wipe it out entirely.

Latin for "between the parties," the process has become a potent weapon used by general counsels in patent litigation. One estimate says the value of the nation's patents has decreased by \$1 trillion since the introduction of IPRs. Having a strategy in this new arena is arguably just as important as a district court gameplan.

Inter partes review has become far more popular than anyone imagined, including Congress. Due to staffing concerns, the law allows the patent office, if it chooses, to limit the number of IPR applications to 400 in a year. It has not chosen to do so, and last year, 1,310 were filed. As of mid-July, filings were on a pace to hit nearly 2,200 this year.

"It has exceeded everybody's expectations nearly five fold. Out of the blue. People knew it was going to be popular. They didn't know it was going to be this popular," said Ken Adamo, a partner at Kirkland & Ellis, who has prepared more than 100 IPR petitions.

The reason for the popularity is also the cause of the controversy: Overwhelmingly, the challengers prevail and patents are shot down.

Among the cases the Patent Trials and Appeals Board decided as of September last year, 77 percent of challengers received a total victory — all challenged claims invalidated or disclaimed — according to a study by Brian J. Love, an assistant professor at Santa Clara University Law School.

That generated the "death squad" nickname from Randall Rader, the former chief judge of the U.S. Court of Appeals for the Federal Circuit which hears all of the nation's patent appeals.

If you file an IPR, you can bet you'll win. And that's just what Texas hedge fund manager Brian Bass has been doing. From February to June, his Coalition for Affordable Drugs filed at least 16 IPR petitions challenging various drug companies' patents. The first petition, challenging the patent on a treatment for multiple sclerosis, sent shares of its maker, Acoda Therapeutics, down 10 percent.

This unexpected financial arbitrage has fired up the drug industry's lobbyists in Washington, D.C. The Pharmaceutical Research and Manufacturers of America, a trade group, calls IPR reform a "top priority."

"If this abuse is not addressed, the end result will be to discourage the investment needed to develop new treatments and cures for patients," PhRMA said in June.

That could also be bad news for patent lawyers' pocketbooks. While the popularity of IPRs has been a boon for some patent litigators so far, there is a fear among practitioners that the long-term effect will be to diminish the number of patent applications and lawsuits. If patents are worth less money, why would companies spend the same amount defending them?

"Is this going to put patent lawyers out of business?" asked Charles Shifley, a shareholder at Banner & Witcoff.

"This is probably, to my knowledge, the first time period since the mid-70s that there has been a combination of effects that could conceivably lead to a drop-off in both patent applications and litigation."

## An undercover game-changer

The political run-up to the 2011 passage of the America Invents Act lasted more than a half-decade. In 2011 alone, 318 organizations lobbied on H.R. 1249, spending more than a combined \$400 million that year, said First Street, a lobbying research firm.

As is typically the case with patent reform bills, it pitted the technology industry against the pharmaceutical industry. Drug companies have lobbied for stronger patent protections, as the monopoly a patent grants for drugs is crucial to recouping the development costs. Patents, many times, have been more of a nuisance for today's technology companies, which must pay countless licenses on technologies in products such as smartphones and tablets.

Both industries, however, had varying levels of a similar interest: Rooting out so-called "patent trolls," or corporate entities that obtain patents, file patent lawsuits but do not make any products. The trolls had been a scourge to technology companies for years.

And so the likes of Google and Cisco Systems Inc. advocated most for reforms that were perceived to be "anti-troll." Provisions in a precursor 2007 bill made it harder for patent owners to pick "favorable courts" in which to file lawsuits, curbed "excessive" damage awards, and required letters preceding a lawsuit to include more specifics regarding how a patent is being infringed.

Those reforms were designed to batter the economics that support the troll business model: It is more costly to defend a patent lawsuit than it is to settle it. But such financial fixes are considered controversial because they target all patent owners. None of those provisions was included in the final bill.

As a result, "When the AIA passed, most people greeted it by a collective yawn," said Love, co-director of Santa Clara Law's High Tech Law Institute who has written about IPRs.

"Inter partes review, in particular, was regarded as not controversial, not likely to make a big impact."

## How IPR got its groove

The IPR portion of the bill received less attention than provisions such as fee-shifting for a number of reasons. For one, discussion around IPRs largely centered around a problem that is less controversial than changing patent litigation economics. IPRs were sold as a way to efficiently weed out "bad patents" — which all sides of the debate say they want to confront.

As early as 2005, Congress was sold on the idea of a "post-grant review" for patents.

In a section of the House bill that became the AIA, the drafters used a report from 2005 to justify implementing an inter partes review procedure: "The re-examination of issued patents could be conducted with a fraction of the time and cost of formal legal proceedings and would help restore confidence in the effectiveness of our patent system."

This was on Congress' mind because an earlier examination procedure adopted in 1999 had proven ineffective and nearly useless. Inter partes re-examination, which inter partes review replaced, was applied for 53 times from 1999 to 2004.

The seeming failure of its predecessor led patent reformers to believe that inter partes review would also be sparsely used, Love said.

That has been proven wrong.

"We've essentially reached the point where if a patent is asserted in court, a standard operating procedure for the defendant is to challenge that patent at the PTAB," Love said, referring mainly to IPRs at the Patent Trials and Appeals Board. "That has very quickly become a very integral part of the patent assertion process."

While anyone can initiate an IPR proceeding, they are typically filed by defendants who have been sued in federal court. After a petition is filed, a three-judge panel rules whether to "institute" inter partes review. The patent owner has a chance to respond to the filing, but it is a limited response and discovery is minimal. The three-judge panel then decides whether the patent and its claims are valid.

For those who hoped IPRs would root out nuisance lawsuits filed by so-called trolls, the results have been encouraging.

Intellectual Ventures, referred to by some as one of the nation's largest "troll," although it vehemently disputes that characterization, has lost at least a two patents to the process. Swedish telecom giant Ericsson Inc. was successful at wiping out all of the claims it challenged on patent No. 7,496,674, which involves security protocols over wireless networks.

Bank of America, too, has been successful against Intellectual Ventures. A PTAB panel found all the claims of patent No. 8,083,137 challenged by Bank of America to be unpatentable. A diagram of that patent, titled "Administration of Financial Accounts," shows a man standing at what appears to be an ATM with a flow-chart diagramming the electronic communications that enable the process. The patent had been asserted by Intellectual Ventures in at least eight lawsuits.

But there is evidence, too, that large companies have been aggressive in using IPRs against smaller competitors.

Magna Electronics Inc., a publicly traded automotive parts supplier, faced 24 IPR challenges as of late June, the seventh most, according to Michelle Carniaux, a New York partner at Kenyon & Kenyon LLP. NuVasive, a small medical device maker, faced the eighth most challenges, mostly from Medtronic, a leader in the industry.

And then there is the issue of drug patents being challenged by financiers. Allergan Inc., a large pharmaceutical company, filed a lawsuit against Ferrum Ferro Capital on June 24 in the Central District of California for attempted extortion, unfair competition and malicious prosecution. The

lawsuit alleged Ferrum Ferro filed an “objectively baseless IPR petition for the express purpose of monetizing the petition, including by attempting to extort compensation from Allergan.”

## A review with ‘loaded dice’

Why is it so widely used?

“My view is they very much loaded the dice to encourage the person accused of infringing to go back to the patent office,” said Kirkland & Ellis’ Adamo.

There are two main aspects of the IPR procedure that favor patent challengers, and changing these is now the goal of a renewed lobbying effort in Washington.

The first is that IPRs require a lower standard in order to invalidate a patent compared to U.S. District Courts.

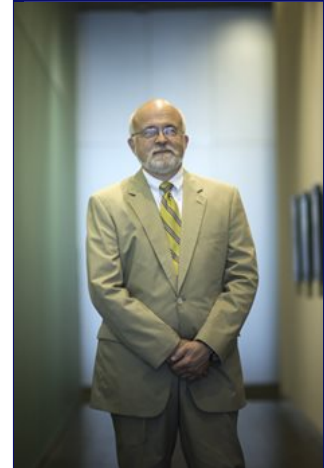
In district court, a patent is assumed valid and a judge or jury must find “clear and convincing” evidence that a patent is invalid. In an IPR, patents are not assumed to be valid and the panel of judges needs only to find “a preponderance of the evidence” in order to invalidate a patent.

Adamo said that difference is the most important distinction between an IPR and district court litigation.

While it has come under fire from patent owners, Love believes that distinction makes sense.

The reason patents are assumed valid in district court litigation is because courts, as a rule, defer to experts on subjects such as granting patents. If the patent office is reviewing its own work, Love said, there is no reason it should presume it got anything right.

“There is no need for the agency to defer to itself,” Love said. “We have the agency just taking a second look at what they did before.”



But others, such as Richard Baker of Massachusetts-based New England Intellectual Property, who sells and advises on sales of patent portfolios, see it differently. If they are applying the same standard, why is one branch of the patent office so frequently overruling another branch of the same office?

“I have a government agency give me a patent that says I have a plot of technology governed by this patent,” Baker said. “And then they say, ‘Well, we’re taking it back.’ And in the meantime, I started a company around that. And I’m now in litigation against somebody who copied me. And after the IPR invalidates my patent, I can’t even get out of the litigation because it’s ‘loser pays.’”

Baker’s business of selling patents has taken a large hit in the past two years, which he largely attributes to the rate at which IPRs invalidate patents. Analyzing sales of patent portfolios listed by IP Offerings, a deal tracker, Baker found that the patent market is drying up and the value of patent sales is falling.

In 2012, roughly 7,000 patents were sold for nearly \$3 billion. Last year, 2,850 patents were sold for less than \$500 million. The average price per patent sold fell 61 percent.

In Baker’s analysis that finds the America Invents Act cost the economy more than \$1 trillion, he points to a study that valued the “intellectual capital” of the U.S. (including patents, copyrights and trademarks and other forms of IP) at \$9.2 trillion. He then estimates that patents account for 25 percent of that value, or \$2.3 trillion. And, finally, he decreases that figure by 61 percent to reflect the drop in the market value of patents since IPRs began.

“I stand by that number,” he said about the \$1 trillion figure. “You can’t make money as an inventor.”

Christopher Lee, a founding partner at Lee Sheikh Megley & Haan which opened this year with lawyers from Niro Haller & Niro, said a better solution to a “bad patent” problem would be to put more resources into the initial patent examinations.

“The reason we have this absurd outcome — whether it’s 75 or 80 percent of contested patent claims going down in flames in the IPRs — is really an indication of having not enough resources at the examination level at the PTO,” Lee said, “and also the politicians coming up with politicized solutions to a problem that is really financial.”

Regardless, the IPR’s lower standard of proof appears here to stay. A change is not found in either of the bills floating through Congress at the moment: Senate Bill 1137, known as the PATENT Act, and House Bill 9, the Innovation Act.

Those two bills do, however, contain reforms to what Kirkland’s Adamo said is the second most important characteristic of the IPR procedure. That’s the “claim construction” process, which is an interpretation of the patent’s words and determines what protection the patent actually provides.

The IPR procedure uses a legal standard that is stricter than the one used in district courts, making it easier to invalidate a patent’s claims. Both bills contain language that would force the PTAB to adopt the district court’s standard.

A broader construction attempts to cover a wider area of invention, making it easier for other patents or inventions to exist in that space and knock out the patent being challenged.

Combined, these provisions and others make IPRs such a potent weapon that Adamo said he often threatens to file them as a way to provoke settlements. In one case, he said he flew to a mediation session on a Monday morning with the IPR filings drafted and ready to be filed.

"We're here to mediate this to a successful resolution," Adamo told his opposing counsel. "It's Monday. And if we don't have this resolved by Friday, we're going to file these by next Monday."

That case settled before a filing.

## Call in the lawyers

The current upshot of IPRs for business — whichever side of the debate a lawyer is on — is work. Lots of it.

"It takes a lot of work detailed work and high hourly volume work to get these proceedings brought to success," Banner & Witcoff's Shifley said.

"I can assure you, everybody wants in."

But that's not possible.

To practice before the PTAB, a lawyer must be a certified patent attorney, of which there are 1,649 in Chicago, according to a search of the USPTO website. To obtain a patent certification, an attorney must have a background in hard science or pass a test.

"Lawyers who are registered will see a significant increase in work," Shifley said.

But he also cautioned that those without a registration may see a slowdown. Patent litigation in the district court has been on the decline. The Northern District of Illinois experienced a 43 percent decrease in patent lawsuits filed in 2014 compared to 2013, said Lex Machina, a data and research firm. Nationwide, filings were down 18 percent last year.

And if patent holders continue to struggle to monetize their assets, it could lead to a further reduction in litigation.

"From a procedural standpoint, the IPRs have had a huge impact on the ability of patent owners to really get to trial," Lee said. "And I think as a whole, that has lessened the overall value of patents in the United States."

One lawyer who has benefited from the IPR procedure is Peter McAndrews, a partner at McAndrews Held & Malloy. His firm has "one of the most active" PTAB practices in the country, he said, having represented clients in nearly 150 inter partes review proceedings.

One of his cases highlights the difficulty in answering the question at the heart of the debate: Are the IPR rulings successful at weeding out bad patents and letting the strong survive?

McAndrews recently represented a patent-licensing firm called TQ Delta, which owns patents that are accepted standards for DSL technology. TQ Delta purchased the patents from the company that developed them, Aware Inc.

Abha Divine, TQ Delta's managing partner, said the firm continues to develop DSL technologies and apply for patents.

TQ Delta sued 2Wire Inc., one of the leading manufacturers of DSL routers, alleging it had infringed on TQ Delta patents and ignored paying the "reasonable and nondiscriminatory" royalty that goes along with standards-essential patents.

2Wire responded with six IPR filings, challenging six separate patents. All six petitions were denied, with the PTAB finding that 2Wire had not shown "a reasonable likelihood that at least one of the challenged claims" was invalid.

Divine said she was not surprised by the ruling despite the statistics that show her firm beat the odds.

"We knew these were high-quality, important patents," Divine said. "But you never know, given the general statistics of the PTAB, how things would have gone. And I think in general, that is part of the challenge for legitimate patent owners."

Divine said she continues to pursue her licensing campaign. While 2Wire may not be able to file another IPR against these patents, thanks to an estoppel provision in the law, it is possible another defendant, a third-party, could. She hopes others will see the firm's victory as a sign of the patent's strength and refrain from further challenges.

"Hopefully people will realize these are high-quality patents that have really contributed to the development of broadband," she said. "I would hope that's a strong signal as to the strength and quality of the portfolio."

"But again, one never knows."



**“Cybersquatting Case Slated for  
Trial Tuesday”**

**Richard S. Stockton**

***Daily Journal***

***August 3, 2015***

# Daily Journal

## Cybersquatting case slated for trial Tuesday

*GoDaddy is accused of profiting from the Academy of Motion Picture trademarks*

Monday, August 3, 2015

**By Ashley Cullins**

The Academy of Motion Pictures Arts and Sciences and GoDaddy.com LLC will begin a highly-anticipated cybersquatting trial in U.S. District Court on Tuesday after a half decade of accusations that GoDaddy profited from using the Academy's famous and distinctive trademarks.

AMPAS alleges GoDaddy violated the Anticybersquatting Consumer Protection Act by using AMPAS's trademarks, including phrases Oscars and Academy Awards, to knowingly divert Internet traffic away from the Academy's legitimate websites to infringing parked domains - websites that have no legitimate business purpose, display no substantive content and are used exclusively for the display of revenue-generating advertisements. *Academy of Motion Picture Arts And Sciences v. GoDaddy.com, Inc. et al*, 2:10cv3738 (C.D. Cal., filed May18, 2010)

According to court documents, AMPAS contends the court can award statutory damages of \$1,000 to \$100,000 for each domain name at issue, but Richard S. Stockton, intellectual property attorney for Banner & Witcoff Ltd. in Chicago, said this case is much bigger than damages.

"It's important because trademark owners now have a vehicle for going right after the registrar as opposed to just the cybersquatter," Stockton said. "You could sweep up a hundred different domains, all owned by different people, in one swoop."

In 2013 then-U.S. District Court Judge Audrey B. Collins, ruled that GoDaddy was not entitled to the ACPA's "safe harbor" provision. "[B]y placing domain names in the Parked Pages Program, GoDaddy has acted affirmatively and done something with the domain names other than mere passive registration or routing," Collins wrote.

"GoDaddy placed the domain names in a program it designed to make revenue. This is sufficient to establish 'use' even absent actual monetization."

Stockton said that Collins' order changed the online trademark game.

"The Anticybersquatting Consumer Protection Act has become a more powerful tool for trademark owners to police their brands on the Internet because the court took such a narrow view of that safe harbor," Stockton said. "GoDaddy doesn't have a get jail out of free card, but it doesn't necessarily follow that GoDaddy is liable for cybersquatting," Stockton said.

In the final pretrial conference order filed Friday, GoDaddy claimed it held an objective good faith belief that the practice of parking undeveloped domains on pages

containing advertisements was a fair or otherwise lawful use of the accused domains. In the same document, AMPAS contends all but 56 of the 293 domain names at issue have already been found to be confusingly similar as a matter of law as a result of stipulations between the parties and prior orders by Collins.

Sally Abel, partner at Fenwick & West LLP and chair of the firm's trademark group, said she strongly believes that parking is trademark infringement more often than not and that GoDaddy certainly knew that.

The GoDaddy case, along with similar concurrent cases, are sorting out on a macro level what a reasonable take down policy is, and what is and is not predatory, Abel said. "We're on a path toward a better understanding of where contributory liability kicks in," she said. "The entire domain industry is, I'm sure, watching very carefully."

For any domino effect to occur, AMPAS and GoDaddy must first litigate; an outcome that remains uncertain.



**“Shields, Swords and Sandboxes:  
Offensive and Defensive Patents  
Lead to Robust Portfolios”**

**John M. Fleming**

***Inside Counsel***

***April 29, 2015***



## Inside Counsel

# Shields, swords and sandboxes

Offensive and defensive patents lead to robust portfolios

By RICH STEEVES

April 29, 2015

When you're a kid, playing in the sandbox is a big deal. You want to make sure you aren't kicked out by the bigger kids, and you might even want the power to kick a few people out yourself. The easiest way to do this, of course, is to arm yourself with a sword to knock others away and a shield to prevent them from knocking you away.

Well, perhaps it's best not to arm a small child with a sharp weapon, but if the sandbox is metaphorical—say, representing a sector of business your company wants to operate in—as are the sword and shield—in this case, representing patent assets—it's a bit easier to swallow.

The fact of the matter is, companies, especially those in high-tech fields, understand the value of patent assets and know that, in order to build a robust portfolio that allows you to be competitive in your field, you need a strong mix of both offensive and defensive patents.

“It's like a shield versus a sword,” explains Kenneth Horton, shareholder at Kirton McConkie. Offensive patents “keep people out of the sandbox,” he says, while defensive patents “help make sure that I can stay in the sandbox and you can't push me out.” With the right combination of assets, not only can you stay in the sandbox with as few competitors as possible, but you can build a pretty extensive sandcastle while you're at it.

### Offense vs. defense

Of course, to best understand the proper mix of offensive and defensive patent assets, one must have a clear idea as to what those terms mean. “Offensive patents are patents that an entity wants to acquire for use against someone else, like a competitor, or to get into a new market and go after another entity right off the bat,” explains John Fleming, principal shareholder at Banner & Witcoff.

Defensive patents, on the other hand, are used to fend off lawsuits. “These can relate to patents that a company wants to acquire because it infringes on them and is concerned that a non-practicing entity (NPE) might acquire them, or to have them in a portfolio so they cannot be used against you,” says Fleming. Companies also might acquire defensive patent assets if they are getting into a new market and want proper footing in case they get sued. In most cases, though, these defensive patent assets are acquired by companies that never intend to use them.

Of course, explains Joseph Siino, CEO and managing director at Hadrian Ventures and formerly senior vice president, global intellectual property and business strategy at Yahoo, most companies like to position all of their acquisitions as “defensive,” at least until the time comes to use your defense to launch a strong offense.

### **What to look for**

Siino notes that whether you are labeling your acquisitions as offensive or defensive, you are typically looking for the same thing. “You are looking to find patents that can cover chokehold technologies,” he says. “The difference comes down to which entities you are focused on when aiming the patents at your targets.”

What you plan to do with the patent—as well as your overall business strategies and position in your industry—plays a foundational role in deciding on the right patents to acquire. “The reason for the acquisition is going to directly correlate to the amount of diligence undertaken,” says Fleming. “Having an appreciation or understanding of the landscape in your technical area, such as knowing if it is a litigation-heavy area, is important to have when you acquire patents, especially offensive patents.”

Often, companies are looking to acquire existing portfolios, which can consist of hundreds or even thousands of patents. In these cases, it's important to keep your goals in mind, says Horton. “Why are you getting these patents? Look at the role of the assets down the road a ways, as it takes resources to find them, and it takes time and money to manage and maintain them,” he explains. “So you have to have the perspective that, when it comes to assets, something comes across your radar and you say, ‘This is why I want it, this is why I am using it.’” That is not always easy to do down to an asset level when dealing with large portfolios, but in those cases, Horton recommends looking at least at specific parts of the portfolio.

### **Role of the troll**

It's tough to have a conversation about patent portfolios without discussing NPEs, commonly known as “patent trolls.” These are companies that don't manufacture goods, but rather derive their revenue from patents, either via licensing or litigation. When considering your patent portfolio, it's important to have a sense of the role that NPEs play in your industry, as that can have a large impact on your overall strategy.

“In a space where trolls are active and there are a lot of patents out there, you should be focused not only on finding the gems that your company wants to assert in a company vs. company battle, but also on preventing patents that are not gems from falling to trolls,” explains Siino.

As he points out, the impact of NPEs will depend greatly on your industry. For example, if your primary competitors in litigation are NPEs, then acquisition of defensive assets to use in countersuits is “irrelevant,” as Fleming puts it, since NPEs rarely have the assets or structure to make such suits possible.

But the biggest impact that a host of NPEs will have on your strategy is the importance of defensive patent acquisitions. In fact, a number of patent aggregator organizations, from RPX to LOT Network, have acquired hosts of related patents to keep them out of the hands of trolls, though, as Siino points

out, these aggregators create other wrinkles by impacting the potential licensing revenue an individual company could generate with a particular suite of patents.

## **Diligence is due**

Once you have a firm idea of what your strategy is, the next step in the process is to figure out which assets fit best into that strategy. When assessing potential patents, companies often rely on a checklist approach, though relying only on such a tool is likely not sufficient.

Fleming's perspective on due diligence is that his ultimate goal should be to “find the asset worthless.” He likened it to a professional coach scouting an athlete for an upcoming draft. If you find all of the weaknesses in that player's game, you can figure out how to address them before your opponents do.

“Your goal should be able to find anything and everything that is a problem, each flaw or potential flaw. If you are going to acquire that asset, know what a defendant would use against you. Once you know all the issues or flaws, you can fix them. When it comes to using that asset, there should be nothing that you don't know about what a defendant might argue,” he says.

Horton agrees that you need to use a mix of tools, and that due diligence can be challenging when you are dealing with portfolios of hundreds or thousands of assets. When you do have time to look at the asset level, he suggests using both business and legal eyes to analyze an asset, looking at claims, prosecution history and even the ownership history of the asset.

It's essential, too, to see if the patent in question has an international counterpart. As Siino points out, some patents can be more enforceable in Europe than in the United States, and the Chinese market may soon evolve in that direction as well. “Looking for patents that have good foreign counterparts in those jurisdictions is increasingly important,” he says.

## **Pieces of the puzzle**

Once acquired, the assets themselves fulfill a valuable function as parts of your patent portfolio. “You have to look at the patents that have the most economic value vis-à-vis your targets. Those may be patents that cover an area of the target company business in which they are not actually competing; it may be an area where the company generates the most revenue,” explains Siino, noting that a company looking to get into a new space would have to consider a build vs. buy strategy, knowing that it can often take a long time to develop and patent new technology.

For operating companies—as opposed to NPEs—the primary role of a patent portfolio is to keep profit margins robust, and you can help keep your profits up by keeping competitors from playing in your corner of the sandbox. The right assets can push someone out of your way via litigation, or at the very least force that entity into a licensing agreement with you, but not all patents in your portfolio will be actively used.

“If you are concerned that you are infringing on a patent, you probably don't plan to actually do anything with it, so you don't care if it's good or about the scope. You want to get it off the market, and there's no role it plays in your portfolio other than that,” explains Fleming. It's best to have a mix

of assets, then, which you can obtain through development or acquisition, though if your focus is on avoiding litigation, then a focus on defensive patents is warranted.

While experts can give advice on patent acquisition best practices, in the end, it comes down to your individual business. You need to know your space, your competitors and your own needs before you go shopping at the armory for the swords and shields you need to fight the good fight in your own sandbox.



**“Lawyers Weigh in on High Court  
Trademark Tacking Ruling”**

**Ross A. Dannenberg**

***Law360***

***January 21, 2015***

## Lawyers Weigh In On High Court Trademark Tacking Ruling

Law360, New York (January 21, 2015, 7:34 PM ET) -- The U.S. Supreme Court on Wednesday ruled unanimously that so-called trademark tacking is a factual question that should be dealt with by juries. Here, attorney's tell Law360 why the decision in *Hana Financial Inc. v. Hana Bank* is significant.

### Sally M. Abel, Fenwick & West LLP



"Tacking has never been a particularly controversial or prominent aspect of trademark law and practice. So, the ruling is not a surprise; it would have been surprising had it gone the other way. It is also not surprising that Justice Sotomayor wrote the decision, given her trademark expertise and experience. Likely she has been the catalyst for the court's recent interest in trademark cases — such as this one and *B&B Hardware* now pending before the court — and will author more trademark decisions in the future. Unfortunately, the court chose not to grant cert in *Herb Reed*, which undoes decades of trademark jurisprudence recognizing a presumption of irreparable harm once likelihood of confusion is shown."

### Rose Auslander, Carter Ledyard & Milburn LLP



"Explaining that tacking, which gives a trademark owner's newer mark the priority of its older mark, is allowed only when the two marks 'are "legal equivalents" in that they create the same, continuing impression,' the *Hana* Court reasoned that as the 'test relies upon an ordinary consumer's understanding of the impression' of a mark, a jury 'ought to provide' the answer. This decision might seem minor, except that it may in turn affect the central issue of likelihood of confusion in the Second, Sixth and Federal circuits, where it is still considered at least partly a question of law for the judge to decide."

### Steve Borgman, Vinson & Elkins LLP

"The *Hana Financial* decision likely will increase costs in trademark litigation and reduce the chances for an early resolution in cases where tacking is an issue. Parties likely will now want to present expert testimony on this issue to the jury, possibly including survey evidence as to consumer impressions of the mark as it evolved over time. In addition, it seems more likely that disputes over priority will not be resolved on summary judgment, but will go to trial."



**Karen H. Bromberg, Cohen & Gresser LLP**



"The Hana decision is a victory for brand owners. While a decision that allowed the court to decide the issue of legal equivalency and commercial impression would have markedly reduced the costs of litigating such matters, it would have placed in the hands of a single arbiter the decision whether an original mark and its modified version create the same continuing commercial impression to consumers. Trademarks are based heavily on consumer perception. Because the jury, as a group of people, are more representative of the average consumer, they are in a better position to determine commercial impression. Brand owners are entitled to have such important evidence evaluated by the fact finder, i.e., the average consumer, and not have it reduced to a simple side by side comparison by a judge as

a matter of law. The Hana decision preserved this right."

**Michelle Ciotola, Cantor Colburn LLP**



"At first glance, the significance of the Supreme Court's unanimous decision that tacking should be decided by juries seems minimal. After all, tacking applies only in 'exceptionally narrow circumstances.' However, this decision could have a much broader impact if the court's reasoning that an inquiry which operates from the perspective of an ordinary consumer should be decided by a jury is applied to a likelihood of confusion analysis. In this regard, it is possible that the court's decision here may be used to resolve the split in the circuits over whether a likelihood of confusion analysis is a question of law or fact."

**Ross A. Dannenberg, Banner & Witcoff Ltd.**



"The court recognizes that determinations regarding the similarity of two marks is a fact-based decision. Even though tacking is a legal doctrine, tacking is based on a determination of whether two marks 'create the same, continuing commercial impression,' which is a decision best left to consumers, not judges. The court effectively substitutes the jury for those consumers. What is really significant about this decision, in my opinion, is that tacking likely will be easier to prove going forward. Historically, judges were quite strict regarding when tacking can be used, allowing tacking in only very limited circumstances, e.g., when marks were nearly identical with minor insignificant changes. Going forward, however, the decision of whether one mark can be tacked onto another will be a made by the panel of consumers known as the jury, and juries tend to rely on their own impressions. As such, future juries will ultimately ask themselves if they think the marks create the 'same,



continuing commercial impression.' As evidenced by this case as an indicator of what is to come, the jury found tacking when the judge likely would not."

**Dan DeCarlo, Lewis Brisbois Bisgaard & Smith LLP**



"It is interesting that the Supreme Court issued this ruling just a day after its ruling on another intellectual property issue dealing with whether patent claim construction is a question of fact or law. In *Hana Financial*, the Supreme Court continued with its trend to protect the province of juries as ultimate arbiters of fact questions. The Supreme Court rarely takes up trademark questions and that it chose to do so on an issue regarding what role the jury plays — as opposed to a more technical substantive trademark issue — suggests the importance that the court places in keeping watch on invasions into the jury's province. That the decision was unanimous only emphasizes that concept."

**James Donoian, McCarter & English LLP**



"Of particular significance is Justice Kennedy's inquiry into the possible impact on the likelihood of confusion. His inquiry, seemingly based largely on amicus briefs, may signal that the court is ready to hear a case on the more complex issue of whether likelihood of confusion is a jury question, which would represent seismic change at trial. The tacking issue is a rarer and more finite analysis limited to the commercial impression of the marks, whereas likelihood of confusion is the essence of all trademark cases. Each factor has its own nuances and related case law. Juries don't usually understand all the factors or the overlap among them."

**Anthony J. Dreyer, Skadden Arps Slate Meagher & Flom LLP**



"The court properly recognized that the question of tacking — which turns on ordinary consumers' impression of the original and altered mark — is inherently factual and thus within the purview of the factfinder. As a result of today's decision, trademark owners who have made changes to their mark will have a full opportunity to present to the jury evidence they believe demonstrates that consumers view the marks as the same. It remains to be seen whether the court's apparent conclusion that the issue of tacking is a 'mixed question of law and fact' has larger implications for the trademark likelihood of confusion analysis — which has been treated differently among the circuits, with some treating it as a question of law subject to *de novo* review."

**Anderson Duff, Wolf Greenfield & Sacks PC**



"This case resolves a circuit split regarding whether judges or juries should determine when use of a prior trademark may be used to establish priority in a junior mark. The court held that in a jury trial where the facts do not warrant summary judgment or judgment as a matter of law, this question must be decided by a jury. As a practical matter, this may make it easier for plaintiffs relying on tacking to defeat a defendant's motion for summary judgment. It may also make it easier for defendants to defeat a motion for a preliminary injunction."



**Paul R. Garcia, Partridge & Garcia PC**



“Today the Supreme Court unanimously held that the question of ‘tacking’ — whether modifications to a trademark make it in effect a new mark, or whether it is essentially the same mark as before — is a question for the jury, not the judge. Though not terribly common in trademark litigation, the issue is important because the question of priority — who is first using a trademark — can turn on whether the plaintiff is using the ‘same mark,’ albeit slightly modified, or a ‘new mark.’ Priority can often be case dispositive. Resolving a circuit split, the Supreme Court came down resoundingly on the side of trusting the jury to decide this issue, concluding that ‘when the relevant question is how an ordinary person or community would make an assessment, the jury is generally the decisionmaker that ought to provide the fact-intensive answer.’ The court confirmed, however, that this issue can nonetheless be decided on summary judgment, as is the case with other questions traditionally left to the jury.”

**Patchen Haggerty, Perkins Coie LLP**



“The Supreme Court’s finding that a jury should decide whether a trademark owner may claim rights in a modified trademark dating back to the first use of the original trademark is a significant win for brand owners. Businesses often update their trademarks in response to marketplace trends, and ‘tacking’ allows brand owners to claim rights in the original trademark where ordinary consumers would consider the two marks ‘legal equivalents.’ This ruling affirms that this determination is best made by a trier of fact capturing marketplace reactions, and preserves a brand owner’s right to prove tacking through evidence of consumer understanding.”

**Jonathan Hudis, Oblon McClelland Maier & Neustadt LLP**



“The lesson learned from Hana Financial is that tacking is a factual question normally decided by a jury, and resolved by a judge as a matter of law only under certain limited circumstances. This should inform the trademark litigator’s case strategy if a tacking question is involved. Whether a party’s so-called ‘old’ and ‘new’ marks are legal equivalents, being deemed a factual question, will not often result in the question being decided on summary judgment. That tacking is a factual question will also govern the standard of review on appeal — i.e., factual matters being decided under the ‘substantial evidence’ standard, and legal questions being decided under the de novo standard. This raises the importance of vigilant factual development and presentation of the facts underlying the tacking issue to the jury at trial, and the offer and reading of carefully written instructions before the jury deliberates.”

**Jonathan Hyman, Knobbe Martens Olson & Bear LLP**

“The Supreme Court appears to be taking an interesting approach regarding issues of fact and law in IP cases and this decision, coupled with the recent Teva decision, may be an indication that the Supreme Court is clearing the air on how such issues should be decided and reviewed. The Hana decision puts the tacking issue in the hands of the jury and the Teva decision puts in place a rule that determinations on claim construction of patents should not be reviewed de novo. The Hana decision could also be an indication that the Supreme Court may be ready to hear a case on a circuit split regarding whether likelihood



of confusion is an issue of fact or law for reviewing courts. Most circuits hold that likelihood of confusion is an issue of fact reviewed on appeal under a deferential 'clearly erroneous' standard, while the minority view — Second, Sixth and Federal circuits — favor the view that likelihood of confusion is an issue of law reviewed de novo by the appellate court."

**Timothy Kelly, Fitzpatrick Cella Harper & Scinto LLP**



"The Supreme Court's decision is grounded in the fundamental precept that underlies trademark law generally, namely that consumers should be protected from confusion. As such, consumers ought to be the focus and the ones to decide whether two marks create a similar enough commercial impression to be 'tacked.' From the perspective of litigation strategy and recognizing the often unpredictable nature of juries, the decision creates yet another factor that will need to be taken into account in deciding whether a trademark infringement case should be tried before a judge or a jury. Also, the court's confirmation that the tacking decision is one for a jury seems likely to make surveys a more frequently used tool in litigating the tacking issue."

**Richard LaBarge, Marshall Gerstein & Borun LLP**



"The decision that tacking can be decided by a jury shouldn't affect the day-to-day decisions of trademark owners. It will interest prognosticators. Whether likelihood of confusion is a question of fact or a question of law is a similar, and more pervasive, trademark issue. The court's reasoning here may shape future arguments about that. In another case, B&B v. Hargis, the court is considering whether some USPTO decisions should be binding in later infringement suits when the form of the defendant's mark is not materially different than the form that the USPTO considered. Maybe that will be another issue for the jury."

**Joanne Ludovici, McDermott Will & Emery LLP**



"The decision will have limited application. However, when tacking does arise, it's a high-stakes issue. Trademark rights in the U.S. arise from use in commerce. Trademark owners make decisions to modify their trademarks on a daily basis. The ability of trademark owners to reach back and claim an earlier use date is crucial, and litigants now know that tacking determinations will be made by juries, from the perspective of an ordinary purchaser. No need for forum shopping on whether tacking is a question for judge or jury. [The Supreme Court] unanimously held that jurors are not only smart enough to handle trademark tacking, but are the only ones who should decide it, because it turns on consumer perception in the marketplace and

involves fact-intensive analysis."

**Kevin Markow, Becker & Poliakoff PA**

"The Supreme Court reaffirmed the significance of juries in determining trademark disputes. It held that whether trademarks may be 'tacked' for the purposes of determining priority of right is a



question for juries. Tacking arises when a trademark is modified over time, but conveys the same commercial impression as an original mark. Whether the same commercial impression is made is viewed through the eyes of a reasonable consumer, and is inherently fact-intensive. Based on established trademark precedent and the traditional role of a jury, the court got this one right.”

**Michelle Mancino Marsh, Kenyon & Kenyon LLP**



“Though trademark tacking cases are few and far between, the implications of Hana Financial to trademark practice go beyond the tacking issue presented. The Hana Financial decision reinforces the importance of the jury in trademark cases — a jury is, after all, comprised of the ordinary consumers that our trademark laws are designed to protect. But with this case the court has pushed an issue that has routinely been handled by judges in favor of letting a jury decide. It is possible more trademark cases will proceed to trial as a result.”

**Kristen McCallion, Fish & Richardson PC**



“What is important to note is that the Supreme Court’s decision does not eradicate a judge’s ability to determine tacking in all situations and for this reason, it is not likely to have too much of an impact going forward. While the court recognized that a jury ‘should’ make the determination of whether modified, but ‘legally equivalent’ marks should be tacked in order to determine trademark priority, the court also explained that a judge is not prohibited from making this same determination. For example, a judge can properly decide a tacking question on a motion for summary judgment or in a bench trial.”

**Kathleen McCarthy, King & Spalding LLP**

“The Supreme Court’s holding in Hana Financial — that the jury ought to answer whether two marks make the same continuing commercial impression for purposes of assessing tacking — is not likely to affect most trademark litigation, since tacking is relatively rare. The decision could become significant in the circuits that now treat likelihood of confusion as a question of law if the court’s rationale — that a jury is better equipped than a judge to assess how an ordinary person or community would make an assessment regarding commercial impression — is extended to that issue.”

**Paige W. Mills, Bass Berry & Sims PLC**

“This decision could potentially make it more difficult to obtain summary judgment on questions of tacking, because the party opposing the motion will certainly point to this opinion as support for the assertion that this key decision belongs to the jury. When the parties know that a critical issue, such as who used the mark first, will most likely be considered a fact question for the jury, there is less



certainty for both sides in predicting who will win — and how much the suit will cost — which can dramatically change the settlement dynamic for both parties.”

**Bill Munck, Munck Wilson Mandala LLP**



“The fundamental and historic purpose of trademark law is to protect average consumers from confusion about the source of goods. The consumers’ perception of trademarks is always of critical importance. Procedurally, the purpose of juries in many civil contexts is to act as a substitute for the average person. Hana stands for the proposition that the average juror is the best person to assess how a consumer would understand the impression of a trademark. It fuses the substantive purpose of trademark law with the general principles of the American jury system.”

**Mark Mutterperl, Bracewell & Giuliani LLP**



“In Hana, the court brought the relatively unknown ‘tacking’ doctrine to the forefront of protecting marks — like the Morton Salt girl — that subtly evolve over years. Brand owners now know that juries generally will decide whether changes to trademarks and trade dress are so significant that they alter a mark’s commercial impression and risk losing value. Thus, brand owners modernizing a mark must be more diligent than ever to avoid changing the commercial impression. When in litigation, brand owners must substantiate previous and current consumer commercial impressions and whether there has been a change. We may see consumer surveys, statistically proper studies and other methodologies used to measure consumers’ commercial impressions.”

**Paul J. Reilly, Baker Botts LLP**

“The Supreme Court decided a very finite issue — whether a judge or jury should determine if tacking is available in a trademark case. The court indicated when the relevant question is how an ordinary person would make a determination, here, the commercial impression of two marks viewed through the eyes of a consumer, a jury should make the determination. That said, leaving open the possibility of a judge deciding the tacking question, the court crafted a very narrow holding [in limiting it to only when a jury trial has been requested.] Given the infrequency with which the issue of tacking arises in trademark litigations, the decision in Hana Financial, while resolving a conflict amongst circuits, will not dramatically impact trademark practitioners or the standard for tacking. The decision perhaps unveils how the court might approach the likelihood of confusion analysis in trademark cases where there is also a circuit split as to whether that ultimate determination is a question of law reviewable de novo or fact reviewable for clear error. But, what will be worth watching is how trademark litigants rely on Hana Financial going forward in jurisdictions treating likelihood of confusion as a matter of law.”



**Professor Alexandra J. Roberts, University of New Hampshire School of Law**



"Today's holding won't have a major impact on trademark owners' decisions whether to update or revise a mark, decisions that are typically governed by marketing strategy. That's because tacking is a backward-looking doctrine: in evaluating whether a mark owner can tack its use of one version of a mark onto that of a similar, earlier version of the same mark for purposes of priority, a trier of fact considers whether the transition that took place in the past was relatively seamless — whether the two marks create the same commercial impression — rather than looking to the present or future as he might in considering, for example, a likelihood of consumer confusion between two marks."

**Ira S. Sacks, Akerman LLP**



"The court's Hana decision is significant for several reasons. First, tacking is an important issue that will now bring into play competing experts and summary judgment factual disputes, rather than merely legal argument, with a concomitant increase in trials on tacking issues. In addition, the decision will likely be argued to apply to other mixed questions of fact and law in Lanham Act cases, such as likelihood of confusion. Finally, read together with yesterday's Teva decision, the court seems to be emphasizing jury fact finding on ultimate and subsidiary fact questions in IP cases."

**Davin L. Seamon, Steptoe & Johnson PLLC**



"While, at first blush, the court seems to make broad, sweeping precedent that juries should always decide tacking issues in trademark infringement cases, upon closer inspection, the opinion removes bench trials and motions for summary judgment and judgment as a matter of law from its edict. Most prudent intellectual property litigants insist upon bench trials given the complex nature of their disputes. This approach would necessarily remove these disputes from the purview of Hana; however, the wisdom in placing the tacking analysis, which should be conducted 'through the eyes of a consumer,' in these limited situational circumstances cannot be overlooked."

**Mitchell C. Stein, Sullivan & Worcester LLP**



"The Hana Financial decision increases the cost of asserting a trademark tacking claim or defense. Arguments presented to juries are far more expensive and difficult to prepare than those presented to judges, so litigants who seek to slow the pace or increase the cost of litigation will welcome this decision. Although judges can still rule on trademark tacking claims in the context of, for example, a summary judgment motion, the court's holding signals to judges in doubt that they should deny the motion and let the jury decide at trial."

**Jonathan Steinsapir, Kinsella Weitzman Iser Kump & Aldisert LLP**

"The decision will have very little practical impact on trademark cases. The Supreme Court merely held that when there are sufficient evidentiary facts to support a finding of tacking,

that finding is a factual question for a jury — or a judge in a bench trial. The court did not spell out what is sufficient evidence to support such a finding however, and just about every lower court — including the Ninth Circuit, whose judgment here was affirmed — hold that tacking is an exceptional doctrine that is rarely available as a matter of law. So while this case may have some minor impacts on the margins, the important issue is what type of facts need to be proven to show that tacking is available. That question was not addressed by the Supreme Court, and the lower courts have almost uniformly held that tacking is available only in rare, exceptional circumstances, which will preclude the issue from reaching juries in most cases.”

**Paolo Strino, Gibbons PC**



“It is unlikely that today’s decision will have large legal implications. A judge may still decide a tacking question on a motion for summary judgment or for judgment as a matter of law. Nonetheless, if the parties requested jury trial and entry of summary judgment is not warranted, the question will have to be decided by a jury. This could increase the cost of litigation in a small number of cases. The parties might try to introduce evidence in support of tacking, including consumer surveys, which can be costly. Additionally, today’s decision negates the parties’ inclination to avert the involvement of juries, preferring the expertise of a judge.”

**David Sunshine, Cozen O’Connor PC**



“While the Supreme Court’s decision in Hana Financial is important in the context of trademark tacking cases, its overall significance is relatively limited since tacking cases are uncommon. The decision may ultimately result in more drawn out and expensive trademark litigation because additional fact-specific evidence, such as consumer surveys, are necessary when presenting tacking issues to a jury. What remains to be seen is what impact, if any, the case will have on whether likelihood of confusion is a question of fact or law on which issue several circuits are currently split.”

**Mark Suri, Hinshaw & Culbertson LLP**



“The Hana decision is unlikely to spark significant changes in most trademark litigation strategies. ‘Tacking’ is a very narrow area of trademark law that is rarely an issue. If tacking is an issue, and parties are conducting surveys, they may consider asking relevant questions about the similarities between the tacked marks in the surveys. Expert testimony on the issue may be more important as it may sway a jury more than the judge. Whether determined by a judge or a jury, the basic issue remains the same, whether the asserted mark is similar enough to the prior rendition to warrant tacking for priority purposes.”

**John Tang, Strasburger & Price LLP**

“This was not a surprising opinion. Trademark infringement issues have always been fact questions. If anything, the case signifies



another advantage to trademark owners with a long history of use. Because the issue of priority will not be decided by summary judgment, juries will consider another factor beyond the standard Polaroid likelihood of confusion factors. Rather than merely determining whether the marks are confusingly similar and which party used its mark first, the jury will now determine whether the asserted trademark or alleged infringing mark is similar to an earlier trademark the party used in the past. A new race to determine priority of first use has begun."

**Anthony J. Viola, Locke Lord LLP**



"Trademark rights derive from priority use on goods or services in commerce, not first registration or even first creation. When a trademark owner changes its mark over time, the question arises whether the owner can claim priority of use back to the date of first use of the original version. The Courts of Appeal had been split on whether such 'tacking' is a question of law to be determined by the court or a question of fact to be determined by a jury. The Supreme Court today unanimously ruled that tacking is a question of fact for the jury. As the court noted, tacking generally applies where the two

marks are 'legally equivalent,' meaning that they 'create the same, continuing commercial impression,' which is determined through the eyes of the consumer. In other words, as with so much else in the realm of trademark infringement, the ultimate test is one of consumer impression and confusion, which is generally viewed as a question of fact for a jury. Trademark tacking is not routinely asserted, but it does come up from time to time especially in mature or crowded markets. Today's decision will make tacking disputes significantly less susceptible of determination on summary judgment, meaning that all parties will be subject to the cost, expense and uncertainty of jury trials going forward."

**Lynda Zadra-Symes, Knobbe Martens Olson & Bear LLP**



"The Supreme Court's Hana decision on the tacking issue clarifies a circuit split on whether trademark tacking is a factual issue to be determined by juries. The Supreme Court determined that tacking is a jury issue. It is also a seemingly rare affirmation of a 9th Circuit decision. The decision confirms that a jury should be involved in a trademark tacking decision which requires a determination of whether two marks create the same continuing commercial impression so that consumers consider both marks as essentially the same mark. In a case where a jury trial has been requested and the facts do not warrant entry of summary judgment or judgment as a matter of law, tacking should be decided by a jury rather than by the judge."



**“Attorneys React to Supreme  
Court’s TTAB Preclusion Ruling”**

**Helen Hill Minsker**

***Law360***

***March 24, 2015***



## Attorneys React To Supreme Court's TTAB Preclusion Ruling

Law360, New York (March 24, 2015, 7:42 PM ET) -- On Tuesday, the U.S. Supreme Court ruled that federal court decisions on "likelihood of confusion" can be precluded by earlier findings on the same issue from the Trademark Trial and Appeal Board. Here, attorneys tell Law360 why the decision in *B&B Hardware Inc. v. Hargis Industries Inc.* is significant.

### Dawn Rudenko Albert, Dickstein Shapiro LLP

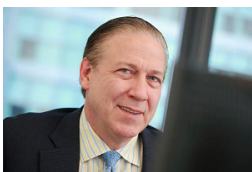


"Like the holding, the significance is also limited. Oppositions and cancellations will continue to be filed by trademark owners as will infringement litigations after TTAB decisions. How trademark owners approach these proceedings may change. A TTAB win could set the stage for damages or injunction in federal court, or block an infringement action altogether. Because the stakes will be higher in some cases, so too will the attendant resources — money, effort, and evidence — including more frequent requests for de novo review. But this will be in a minority of cases. In the majority of cases, the parties will just be arguing over whether preclusion applies — which it won't."

### Rose Auslander & John M. Griem Jr., Carter Ledyard & Milburn LLP

"The court's decision in *Hargis* upends another long-established rule in intellectual property law — that district courts should always take a fresh look at the evidence relevant to significant IP disputes. In the short term, *Hargis* will put increased pressure on parties to stay or skip TTAB proceedings in favor of more expensive federal court actions. Parties will be forced to litigate TTAB proceedings as thoroughly as possible, and to exhaust all appeal options. *Hargis* will also have an spillover effect in the patent arena, giving much greater weight and preclusive effect to issues resolved by the PTAB and the ITC."

### Parker Bagley, Boies Schiller & Flexner LLP



"The court made the right decision. The TTAB, while an administrative body, has more expertise and experience than many district court judges in assessing the fact-intensive issue of likelihood of confusion. As the court noted, there is full discovery in TTAB proceedings; thus a party whose trademark has been found to cause confusion can't complain that a complete record was not made."

### John C. Baum, Owen Wickersham & Erickson PC

"*Hargis* turns a bright spotlight on the decisions of the TTAB, and if the quality of the judges and their decisions in recent years are predictors, the overall effect on U.S. trademark law and practice should be positive. The TTAB's judges and attorneys have more experience deciding U.S. trademark law cases than any single court in the country. *Hargis* means that many more of the cases that reach



these specialized judges will be litigated carefully and fully, or not at all, because the stakes will be greater. The result should be even better and more useful decisions from the TTAB."

#### **David Bell, Haynes and Boone LLP**



"Parties might find it more attractive now to litigate before the TTAB where the law appears on their side. The TTAB may provide greater certainty than a court, especially in a jury case. When obtaining a registration is of much less importance than use, however, a party may be better served by taking a trademark dispute directly to court. The court's reasoning also is not limited to likelihood of confusion between parties' marks. Issue preclusion could apply in descriptiveness, genericness, acquired distinctiveness, abandonment, priority and dilution determinations. Parties before the TTAB are likely to expend greater resources on trying to introduce or exclude evidence of mark usage, including bearing on the consumer bases, advertising channels and methods, and mark stylization."

#### **James Bikoff, Smith Gambrell & Russell LLP**

"The Supreme Court decision today holds that issue preclusion should apply when the issues considered by the TTAB are materially the same as those considered by a district court. As Justice Ginsburg points out in her concurrence, issue preclusion will not apply in a number of cases because the TTAB often decides cases by comparing marks in the abstract and not considering their actual use in the marketplace. The decision should result in more district courts applying issue preclusion where the agency uses the same standard as the court. It should also result in a greater investment by parties to a TTAB proceeding."

#### **Steve Borgman, Vinson & Elkins LLP**



"The B&B Hardware decision raises the stakes in connection with any TTAB proceeding. In the past, many applicants would simply abandon an application for registration if an opposition was filed. We are now likely to see more oppositions filed, and more oppositions contested, than in the past. Another potential result may be that applicants now strategically narrow the description of the goods and services in the application, such as by expressly limiting them to certain channels, for example wholesale versus retail. In addition, potential applicants may choose to rely on common law rights and forego registration altogether. The reach of the court's opinion remains unclear. For example, why would it not apply to TTAB decisions involving issues of priority, descriptiveness, dilution and so on? Moreover, the court notes

that preclusion applies when the use at issue in district court litigation is 'materially the same as the usages included in [the] application,' but fails to provide much guidance on this key point."

#### **Felicia Boyd, Barnes & Thornburg LLP**

"The Supreme Court flatly rejected the notion that the TTAB and the district courts apply different standards for determining likelihood of confusion in the context of registration and infringement and that



issue preclusion can never apply. While there may be TTAB decisions which do not meet the ordinary elements of issue preclusion, the Supreme Court saw no reason for a categorical rejection of the doctrine in the context of a TTAB decision. So long as the other 'ordinary elements of issue preclusion are met,' when the uses before the TTAB and the district court are materially the same, issue preclusion should apply."

**Carmen Bremer & Everett Fruehling, Christensen O'Connor Johnson Kindness PLLC**

"The decision represents a straightforward application of issue preclusion principles. The court simply held that if traditional elements of issue preclusion are satisfied, the TTAB's determination of an issue in registration proceedings is conclusive in subsequent infringement litigation. As a practical matter, this means that individuals who are dissatisfied with an outcome at the TTAB may find they are 'stuck' with the board's determination even in separate district court proceedings. In other words, making a case to the board may be the only bite at the apple for critical, often case-dispositive issues such as likelihood of confusion."

**Peter Brody, Ropes & Gray LLP**



"The B&B decision directly addresses the preclusive effect of only one issue considered by the TTAB in an opposition proceeding: likelihood of confusion. However, its logic reasonably could apply to the TTAB's determinations on many of the issues that arise in a federal court trademark infringement action, including dilution, fame, priority, abandonment, genericness, estoppel and many more. I expect we will see many parties explore the further implications of this decision on these issues in the months to come."

**Andrea Calvaruso, Kelley Drye & Warren LLP**



"The Supreme Court's decision will not have a practical effect for most litigants, as it affirms the practice of the majority of circuit courts, which apply the ordinary elements of issue preclusion to determine whether to give preclusive effect to TTAB decisions regarding likelihood of confusion. The court's ruling requires the few circuits that previously would never give preclusive effect to TTAB decisions to follow suit. As this is a highly fact-specific analysis regarding, among other things, whether the same issues were adjudicated, trademark attorneys should carefully consider whether the TTAB or federal court is the best forum for their clients' likelihood of confusion claims before proceeding too far down the road in the TTAB."

**Laura L. Chapman, Sheppard Mullin Richter & Hampton LLP**

"The B&B decision will likely result in trademark owners undergoing renewed thinking about how to pursue enforcement activities, and the pros and cons regarding whether to proceed directly to district court



to sue for infringement and cancellation simultaneously in a single action, foregoing the TTAB.”

**John Crittenden, Cooley LLP**



“The court ruled that TTAB decisions in adversarial proceedings denying registration for ‘likelihood of confusion’ may bind district court infringement cases if the issues are ‘materially the same’ and the other requirements for issue preclusion are met. Going forward, plaintiffs in TTAB opposition and cancellation cases won’t simply argue confusion in the abstract based on the goods listed in the parties’ trademark filings. Instead, they’ll increasingly offer evidence of actual use of the marks in the marketplace. TTAB proceedings will become more complicated as plaintiffs build evidentiary records with issue preclusion in later suits in mind.”

**Daniel DeCarlo, Lewis Brisbois Bisgaard & Smith LLP**



“‘Watershed’ is a term that we should not recklessly throw around when evaluating the impact of judicial opinions. And while of course only time will tell, this opinion has the potential to be extremely impactful. This ruling will put great pressure on trademark owners to make fundamental decisions as to whether to entrust their challenges to the TTAB through either opposition or cancellation proceedings. The Supreme Court has made quite clear that the likelihood of confusion rulings that come out of the TTAB will most likely be subject to issue preclusion. Because the procedure before the TTAB is not as robust as the procedure before a district court, I suspect that there may now be a hesitancy to proceed through the TTAB. This ruling, therefore, places greater emphasis on the need to carefully consider whether a challenge through the TTAB will permit a full and fair case presentation. In the end, I think we will see more challenges through the district courts as a result of this opinion.”

**James H. Donoian, McCarter & English LLP**



“This requires practitioners to reconsider what had been accepted strategy when deciding between TTAB and court proceedings. Brand owners can no longer rely on the opportunity to take a first bite with a TTAB proceeding without relinquishing possible judicial review. The consequences of unfavorable TTAB decisions are grave. The rule that the elements of issue preclusion must be met risks that a district court will simply find that the usages adjudicated by the TTAB are the same as those before it. Clients must now seriously consider filing lawsuits rather than risk adverse TTAB decisions and the cost and uncertainty of resulting appeals.”

**Stephen Driscoll, Saul Ewing LLP**



"Given the substantial differences between the TTAB and district court procedures regarding discovery, testimony and hearings, a party does not have an 'adequate opportunity to litigate' an issue at the TTAB as required for issue preclusion. For example, the TTAB bars live testimony. Even though the court recognizes that this 'may materially prejudice a party,' it concludes the 'law of issue preclusion ... accounts for those "rare" cases where a "compelling showing of unfairness" can be made.' It should be the rule, however, and not the exception, that a party did not have an adequate opportunity to litigate if live testimony was banned."

**Anderson Duff, Wolf Greenfield**



"This decision will likely not apply in a great many instances, but it may cause trademark holders to think twice about not appealing a TTAB holding for fear that it will later be given preclusive effect."

**Catherine Farrelly, Frankfurt Kurnit Klein & Selz PC**



"It is important to recognize that the Supreme Court did not hold that all TTAB decisions on likelihood of confusion will collaterally estop the parties from litigating that issue in federal court. In a substantial number of cases, the TTAB's decision will not have that effect. As the court recognized, that is because a 'great many' TTAB decisions will not meet the ordinary elements of issue preclusion in that the issues under consideration by the TTAB will not have been 'materially the same' as those before the federal court."

**Dyan Finguerra-DuCharme, Pryor Cashman LLP**



"The decision leaves open more questions rather than providing clear guidance. A party often chooses to not present the same evidence before the TTAB that it would present in federal court because the TTAB has been quite clear that it only looks to the identification of goods in the registration and application and presumes that a standard character mark can appear in any stylization. Now litigants are in a quandary — do they submit marketplace usage to the TTAB or do they stick to arguments around the identified goods and hope that the decision will not be given preclusive effect? Does the TTAB have to consider marketplace usage even if it broadens or narrows the identified goods? How does the TTAB treat visual and commercial

impression similarities if the application and registration are in standard character form yet the stylization of the respective marks in the marketplace are clearly distinctive and different? When is actual usage not the paramount issue in an infringement case? The practical effect of the court's decision is likely an uptick in declaratory judgment actions



and the suspension of pending opposition proceedings. If litigants are going to spend more money on the issue of confusion, they might as well do so in federal court where they can take advantage of live testimony and broader survey designs.”

**Paul R. Garcia, Partridge & Garcia PC**



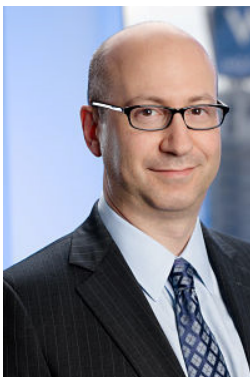
“The Supreme Court’s 7-2 decision in B&B Hardware could have a profound effect on federal trademark litigation, depending on the issues actually litigated in the TTAB. The decision will also impact strategic decisions parties must make on, for example, whether and how to litigate in the TTAB, whether to appeal adverse rulings in the TTAB, and whether to initiate litigation in federal court and how to defend it. B&B Hardware is an important decision that will be cited often as both a sword and a shield in federal litigation under the Lanham Act.”

**Bobby Ghajar, Pillsbury Winthrop Shaw Pittman LLP**



“The court’s decision — although it could, and likely should, bring greater attention to the way companies litigate at the TTAB and whether they seek de novo review of an adverse TTAB decision — is not so broad as to suggest that every TTAB decision will have a preclusive effect on a court proceeding involving the same trademarks. To the contrary, I look at the language on page 18-19 of today’s opinion, and it seems clear to me that if there are distinct usages of a mark at issue, or differences in the analysis presented to the TTAB and district court, there should be no deference to the former.”

**Evan Gourvitz, Ropes & Gray LLP**



“The B&B decision is likely to be significant to both litigants and the TTAB itself. Given the potentially preclusive effect of TTAB determinations of likelihood of confusion, parties may either decide to litigate their TTAB actions more vigorously or skip them entirely in favor of federal court litigation. As for the TTAB, it may decide to better harmonize its analysis with that used by the federal courts by, for example, giving greater weight to how the marks it considers are actually used in the marketplace. In any event, the consequences of the decision will require time — and a fair amount of lower court and TTAB litigation — to sort themselves out.”

**Michael Graif, Curtis Mallet-Prevost Colt & Mosle LLP**

“The Supreme Court has given TTAB rulings on likelihood of confusion the impact of a court’s opinion. I expect that as a result of today’s decision, we will see more appeals of TTAB rulings by unsuccessful trademark applicants who may have thought that they could use the mark anyway and relitigate likelihood of confusion if they were ever sued for infringement.”



**Lindy Herman, Fish & Tsang LLP**



"Maintaining that applicants perceive the registration process with as much gravity as an infringement action is inaccurate. Damages are not awarded in a TTAB proceeding, thus the perceived threat to the applicant is reduced. Registration is not required to obtain trademark rights; therefore, applicants often rely on common law rights in lieu of devoting resources to a TTAB proceeding as if it were an infringement proceeding. Mere usage analysis and the commonality in confusion standards are inadequate given the different purposes of the proceedings (registration versus infringement), evidence (hypothetical versus actual), and the parties' stakes (optional registration versus paying damages)."

**Jonathan Hudis, Oblon McClelland Maier & Neustadt LLP**



"Today, the Supreme Court, in *B&B Hardware v. Hargis Industries*, held that if the likelihood of confusion issues decided by the TTAB in a registrability proceeding are materially the same as those decided in a subsequent infringement action in federal district court, the rules of collateral estoppel will preclude relitigation of those issues in the district court infringement action. The consequence of the court's decision is that parties before the board may now treat a trademark opposition or cancellation proceeding with greater seriousness.

Concerned about the possible preclusive effect of the board's decision in a later court action, the parties before the board in the future may choose to submit greater volumes of documentary and testimonial evidence. This would be particularly so if one or both parties' marks are in use in the marketplace at the time the TTAB proceeding is litigated."

**Paul Hughes, Mayer Brown LLP**



"Following *B&B Hardware*, a likelihood of confusion determination by the TTAB in the context of a registration proceeding will have preclusive effect in subsequent infringement litigation in limited circumstances. The critical question for litigants is now whether the owner of the original mark 'uses its mark in ways that are materially the same as the usages included in its registration application.' If so, issue preclusion may apply. If not, issue preclusion is unavailable. The lower courts will likely be called upon to supply more detailed

standards governing when an owner uses its mark in only a manner 'materially the same' as that described in the registration application. While the court hinted that the controlling test may be whether any difference in usage is 'trivial,' its failure to apply the 'materially the same' test to the facts of this case will provide litigants room for debate in future matters."

**Andrea Weiss Jeffries, WilmerHale**

"The court took great pains to limit its holding by emphasizing that issue preclusion applies to TTAB decisions only when the traditional test for preclusion is met, and that TTAB determinations regarding likelihood of confusion with respect to a mark will not preclude district court litigation over the same mark 'if a mark owner uses its mark in ways that are materially unlike the usages in its application.' This language sets the stage for future disputes, and will inform parties' strategic behavior in crafting applications and presenting evidence to the TTAB with an eye towards the scope of potential preclusion."

**Scott M. Kareff, Schulte Roth & Zabel LLP**



"At first blush, the Supreme Court decision in B&B Hardware would seem to be a big win for established trademark owners because they can now litigate the question of likelihood of confusion before the Trademark Office, which is perceived to be more plaintiff-friendly, and then run to the federal courts, which are generally perceived to be more defendant-friendly, and argue issue preclusion to get an injunction. The practical significance of the decision is likely to be more limited, however, because, one, most trademark opposition proceedings are resolved via settlement rather than Trademark Office decision and, two, issue preclusion in federal courts is not automatic."

**Sarah Keefe, Womble Carlyle Sandridge & Rice LLP**



"Many trademark lawyers were surprised by today's decision and will begin reformulating how they advise clients with regard to available options and recommendations with regard to branding disputes. Previously, clients were usually offered options including the possibility of both a full administrative opposition within the Trademark Office and litigation in federal court. Today's Supreme Court decision indicates parties may have to choose one or the other and it will affect filing strategy as attorneys deal with issue preclusion as applied to trademark likelihood of confusion analyses. An unintended consequence of this decision may be the quick increase in opposition expenses as parties feel compelled to treat an inter partes trademark opposition more aggressively, recognizing that they may only have one bite at the apple."

**Matthew Kelly, Montgomery McCracken Walker & Rhoads LLP**



"Some feared that a Supreme Court decision that TTAB registration-related determinations should be given preclusive effect in infringement litigation would grant the TTAB more authority than Congress had intended — after all, the TTAB's decisions are reviewable de novo on appeal to the district courts. However, the ruling is in fact very narrow. In order for a TTAB ruling to be given preclusive effect, it must meet all of the elements of issue preclusion, which is very difficult and necessarily requires that all issues and elements considered in the TTAB are identical to those to be considered in litigation. As Justice Ginsburg noted in her concurring opinion, issues of registration in the TTAB and those of infringement in the courts will rarely be identical, as 'contested registrations are often decided upon "a comparison of the marks in the abstract and apart from their marketplace usage.'" From the practitioners' standpoint, Section 2(d), likelihood of confusion, rejections by the TTAB have always been taken seriously; that is not likely to change. Evidence of marketplace usage presented in infringement litigation, however, has new significance."



**Timothy Kelly, Fitzpatrick Cella Harper & Scinto**



"The Supreme Court's decision rather easily concludes that TTAB decisions can form the basis of issue preclusion in later district court infringement proceedings. However, this seemingly straightforward pronouncement may prove difficult to apply because the court limited its ruling to situations where the 'usages adjudicated by the TTAB are materially the same as before the district court.' From a practical perspective that is not always the case, as, for example, where an intent-to-use application is opposed and thus where there is no evidence of marketplace use of the opposed mark. Importantly, the decision also makes clear that the likelihood of confusion test is the same for purposes of registration and infringement. This will likely result in opposition proceedings being more vigorously litigated as

trademark applicants will need to focus not only on registration of their mark, but on how an unfavorable TTAB decision on registration could later form the basis of a district court's decision on infringement."

**Richard M. LaBarge, Marshall Gerstein & Borun LLP**



"The decision will change the way trademark lawyers practice. The likelihood of confusion issue decided by the TTAB has long been considered to be materially different than the likelihood of confusion issue decided by the courts in infringement litigation. Today, however, the court held that even though the issues are sometimes, or even often, different, conventional issue preclusion should apply in those cases where the 'usages' are the same — 'usages' is new wording from the court that might represent a new way of looking at the issues. Consequently, a final decision from the TTAB that a mark is unregistrable for a broad 'usage' may preclude the applicant from disputing the central issue in a later infringement case."

**Deborah L. Lively, Thompson & Knight LLP**



"In B&B Hardware Inc. v. Hargis Industries Inc., the U.S. Supreme Court held that decisions of the USPTO's Trademark Trial and Appeal Board should be given preclusive effect in subsequent infringement actions, when the trademark use is materially the same and traditional elements of issue preclusion are present. The court held that the likelihood of confusion standard applied to registration is the same for infringement. This ruling is likely to affect the way parties litigate before the TTAB because a party who loses on likelihood of confusion before the TTAB may be foreclosed from relitigating that issue in an infringement action."

**Thomas J. Mango, Cantor Colburn LLP**



"The Supreme Court's decision allows a TTAB determination of likelihood of confusion in an inter partes proceeding to preclude the relitigation of the same issue in a federal district court trademark infringement case provided that the mark owner uses its mark in the marketplace consistent with the usages in its application and that the usual elements of issue preclusion are met. This decision is significant for both opposers and applicants because it eliminates a second, time-consuming and costly adjudication of the likelihood of confusion issue in certain circumstances. A successful opposer at the TTAB could then focus its lawsuit on injunctive relief and damages, and a successful applicant could avoid a trademark infringement lawsuit altogether."

**Michelle Mancino Marsh, Kenyon & Kenyon LLP**



"The decision could have a significant impact on U.S. trademark practice. The court's holding that a decision in a TTAB opposition proceeding may have preclusive effect in a district court action for infringement, makes the administrative opposition proceedings a more powerful tool. Litigants must consider the impact a TTAB judgment may have on a future infringement action. A win in the TTAB could translate into a more streamlined infringement action in a district court — the downside being that it will likely increase the cost to litigants who must pursue a TTAB case to the bitter end or risk the effect of an adverse decision in district court."

**Keith Medansky, DLA Piper**



"The decision today in B&B Hardware v. Hargis Industries was highly anticipated and is important. The decision may be a surprise to practitioners who thought the court would take a more limited view of preclusion, and in addition the decision is likely to have an impact on litigation strategies followed by mark owners, which could increase costs."

**Helen Hill Minsker, Banner & Witcoff Ltd.**



"The court raised the stakes for TTAB proceedings, holding that issue preclusion should apply 'so long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the same as those before the district court.' Litigants, now challenged with showing preclusion should not apply, can look to Justice Ginsburg's concurring opinion for help. However, evaluating the role of 'marketplace usages' and determining whether 'the usages adjudicated by the TTAB are materially the same' is going to be a battleground. Strategy and forum selection will now be more important than ever."

**Jonathan Moskin, Foley & Lardner LLP**



"I am pleased that the court reversed the Eighth Circuit decision. As I've said all along about B&B Hardware v. Hargis Industries, it would be unreasonable to deprive all TTAB cases of preclusive effect when the statutory test is the same in TTAB and federal court cases, even if it is applied somewhat differently. While not every case will be a candidate for collateral estoppel, this B&B will now allow at least some litigants to find rest and repose, as the doctrine dictates."

**Bill Munck, Munck Wilson Mandala**

"The Supreme Court's ruling should incentivize parties to consider



'nondisclosed usages' during general trademark prosecution and administrative proceedings. It is not enough to be aware whether the identification of goods and services as worded fully encompass the 'marketplace usages' at registration. Trademark counseling includes post-registration monitoring of usage such that when an enforcement issue arises the appropriate venue can be chosen. If the marketplace usage differs dramatically from the registration in an opposition proceeding, filing an infringement action in the district courts to adjudicate both use and registration while suspending the opposition proceeding may be the best option."

**Marc J. Rachman, Davis & Gilbert LLP**



"The B&B Hardware decision highlights the importance of exhausting the TTAB appeal process if a party is not satisfied with the outcome of a TTAB decision on likelihood of confusion. As the Supreme Court points out, the TTAB's decisions are reviewable by the Federal Circuit or in a new action in district court, where the judge decides the issue of registration de novo. The B&B Hardware decision is thus likely to cause an uptick in the number of TTAB decisions that are appealed."

**Daniel Schloss, Greenberg Traurig LLP**



"Today's Supreme Court decision underscores the importance of careful strategic attention to the use of TTAB proceedings. TTAB proceedings are attractive because they typically are less expensive and were historically viewed as affecting only registration at the USPTO and not precluding subsequent infringement actions. Because it is now clear that a TTAB decision can bind a court in an infringement action, the decision to bring a TTAB proceeding could lower the cost of obtaining a finding of likelihood of confusion in appropriate cases. On the other hand, an adverse result could significantly impair a subsequent enforcement program."

**Robert J. Schneider, Taft Stettinius & Hollister LLP**



"This Supreme Court decision will likely create a change in the overall litigation strategy of certain cases. Where a likelihood of confusion case is contested, litigants will be more inclined to forego TTAB proceedings to avoid a potentially preclusive and unfavorable determination. Federal courts offer more control and a more robust framework in which to litigate. Moreover, federal motion practice, discovery and judicial involvement offer litigants the assurance that they have been given every opportunity to plead and support their claims and defenses. When a party can afford it, they will likely proceed directly to federal court to determine whether confusion is present."

**Matthew W. Siegal, Stroock & Stroock & Lavan LLP**



"The decision in B&B Hardware v. Hargis increases the importance of winning inter partes proceedings before the TTAB, such as the opposition based on likelihood of confusion at issue in B&B Hardware. Often, the party to an opposition will have begun to use a mark during the course of the opposition. Based on the Supreme Court ruling, they could be precluded from opposing a claim of trademark infringement in a subsequent district court action and could be at increased risk of a preliminary injunction. Therefore, the level of effort to secure a win

at the TTAB should often rise to the level of effort expected at district court proceedings, because there may be no second bite at the apple."

**Scott J. Slavick, Brinks Gilson & Lione**



"Most interesting about SCOTUS' decision is what constitutes identical for purposes of issue preclusion. In her concurrence, Justice Ginsburg seized on this, stating she would only agree with the court's opinion if the TTAB's analysis examined the same factors as the district court. So for many cases, issue preclusion would not apply. If an applicant defaults in an opposition proceeding and the TTAB does not analyze likelihood of confusion factors, is that analysis identical for issue preclusion purposes in a subsequent district court action? The holding leaves that question open. Congress could also overrule; the court states that had Congress wanted a more streamlined process in all registration matters, the legislature would not have authorized de novo challenges for those dissatisfied with TTAB decisions. Might we

see a new law soon? Will it reference this case? Time will tell."

**Peter S. Sloane, Leason Ellis**



"The decision may cause practitioners to place greater importance on TTAB cases. The court so acknowledges in stating that if board decisions can have issue-preclusive effect, parties may spend more time and money there. The court also notes, though, that dissatisfied parties can file a de novo district court action. But while the court states that issue preclusion may not apply to many infringement decisions, it did not fully address issue preclusion on subsidiary issues like distinctiveness. Since preclusion is not 'a one way street,' parties who prevail on the former, but who lose on issues like the latter may want to pursue de novo review."

**Paolo A. Strino, Gibbons PC**

"U.S. courts have often denied the preclusive effects of Trademark Board findings, sometimes giving the impression that the board's role on fact determination is ancillary, if not subservient, to the federal district. Today's decision marks a radical shift from that approach. It recognizes that there is no policy reason why factual questions related to registration, and already decided by the Trademark Board, should be allowed to be relitigated in court. Issue preclusion will have to be decided on a case-by-case basis to determine, for example, that the usages adjudicated by the TTAB are materially the same as those before a district court. The implication of today's decision is important, because it resolves the split of authority as to the preclusive effect of PTO inter partes adjudication. Discovery activities before the TTAB might receive increased attention and, on some likelihood of confusion issues, the Trademark Board may gain traction as the preferred battleground."

**Stephen D. Susman, Susman Godfrey LLP**

"It is not surprising that the court, in a continuing effort to cut down





on litigation, rules that an administrative agency's finding on 'likelihood of confusion' trumps that of a federal court. Only Thomas and Scalia disagreed, and did so on the ground that such a rule trespasses on the primacy of Article III courts. The same regime prevails in the patent area: A finding of invalidity by the PTAB or ITC is preclusive of a subsequent court proceeding. The court did not reach the intriguing question of whether the preclusion rule violates the Seventh Amendment right to a jury trial, because the petitioner failed to argue it in its brief. Those of us who assume the Seventh Amendment requires a jury trial of validity in patent infringement actions, should rejoice that this court did not reach that issue."

**Paul Tanck, Chadbourne & Parke LLP**



"As a result of the Supreme Court's decision, parties will take TTAB proceedings more seriously and devote more litigation resource to them. The binding effect will also result in more appeals from TTAB proceedings that reach a conclusion on likelihood of confusion issues. Such appeals can be made to the district court where new evidence can be entertained, and the TTAB record may be reviewed de novo. In a nutshell, TTAB proceedings will begin to look more like district court proceedings and will require sophisticated litigation counsel."

**Cynthia Johnson Walden, Fish & Richardson PC**



"The Supreme Court's ruling in B&B Hardware, Inc. v. Hargis Industries, Inc. is well-reasoned. The court emphasizes that the likelihood of confusion standard is the same in the registration context and the enforcement context, and that minor variations in the application of the standard do not defeat preclusion. If an aggrieved party believes the TTAB got it wrong, it should seek judicial review. Importantly, the court noted that the general rules of issue preclusion should be applied and if use in the marketplace is a determinative issue that the TTAB did not evaluate, there would be no preclusive effect."

**Bryan Wheelock, Harness Dickey**



"In B&B Hardware, the Supreme Court held that issue preclusion can apply to TTAB adjudications on likelihood of confusion. The bigger story, however, is that issue preclusion only applies 'where other ordinary elements of issue preclusion are met' and where 'the usages adjudicated by the TTAB are materially the same.' Because the TTAB's application of the DuPont factors is constrained by what is before the USPTO, not what is actually going on in the marketplace, the usages adjudicated can be materially different. Like stockbrokers, we are left to advise our clients: 'TTAB results are not a guarantee of district court performance.'"

## **Meredith Wilkes, Jones Day**



“The court's holding in B&B Hardware strikes [down] a bright-line rule that issue preclusion can never apply in a subsequent district court case. The general view of the trademark bar expressed in amicus briefing was that the TTAB decision should not be given preclusive effect. Trademark trials in a district court and trademark opposition proceedings are two very different things, with very different stakes. The takeaway today is that the court's holding suggests a case-by-case approach against the backdrop of the ‘other ordinary elements of issue preclusion’ which means that in many cases, issue preclusion should not apply. However, in some, it could. So careful consideration should be given to application drafting, how and when to introduce marketplace usage evidence in the TTAB and whether to institute an opposition at all. When opposition proceedings are filed, they could

become much more contentious, and much more expensive, because the stakes could be that much higher.”

--Editing by Mark Lebetkin.



**“5 Recent Fed. Circ. Rulings IP  
Attys Need to Know”**

**Charles W. Shifley**

***Law360***

***April 17, 2015***



---

Portfolio Media, Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | [www.law360.com](http://www.law360.com)  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | [customerservice@law360.com](mailto:customerservice@law360.com)

---

## 5 Recent Fed. Circ. Rulings IP Attys Need To Know

By **Ryan Davis**

Law360, New York (April 17, 2015, 5:11 PM ET) -- The Federal Circuit handed down important patent decisions in recent months that set rules for claim construction and stays in America Invents Act reviews, indicated how the court will apply the U.S. Supreme Court's Teva ruling and made clear that not reading court orders is no excuse for missing a deadline.

Here's a roundup of the top rulings by the Federal Circuit since January and their potential implications for intellectual property law.

### **In re: Cuozzo Speed Technologies LLC**

This **February ruling**, the first ever issued by the Federal Circuit in an appeal of an America Invents Act review decision, brought important clarity for the new proceedings by giving the appeals court's blessing to the Patent Trial and Appeal Board's rules.

The court affirmed the PTAB's invalidation of Cuozzo Speed Technologies LLC's speedometer patent and held that the board is correct to use the so-called broadest reasonable interpretation standard for claim construction in all AIA reviews. It also ruled that the board's decisions to institute reviews cannot be appealed.

The Federal Circuit's resolution of those key issues in the popular proceedings was highly significant, since the ruling applies to the thousands of AIA reviews now pending, attorneys say.

"That decision is head and shoulders above anything else this quarter," said Charles Shifley of Banner & Witcoff Ltd.

The board has been using the broad claim construction standard in every AIA case, but Cuozzo and other patent owners, who worry that the standard makes it too easy for the board to invalidate patents, have argued that the board should instead use the narrower standard used in district court. The Federal Circuit rejected that argument and held the broad standard is appropriate.

"What it did was remove any doubt that the PTAB is doing the right thing by having this standard," said Benjamin Horton of Marshall Gerstein & Borun LLP.

The claim construction standard, coupled with the Federal Circuit's holding that institution decisions cannot be appealed, favors petitioners and should inspire even more accused infringers to seek inter partes review, or IPR, he said.



"It's definitely adding fuel to the fire that is IPR practice," he said.

While the ruling answered some burning questions about AIA reviews for now, the issues it addressed are still in flux. Cuozzo has **asked the court** to rehear the case en banc, while Congress is **considering legislation** that would prevent the PTAB from using the broad claim construction standard.

"It's interesting that the Federal Circuit decided this even though Congress is contemplating an explicit change," Horton said.

### **Intellectual Ventures II LLC v. JPMorgan Chase & Co.**

The Federal Circuit filled in another blank space regarding AIA reviews in this **April decision** holding that the court cannot hear appeals of district court decisions denying a stay in an infringement case in favor of an AIA review unless the review has actually been instituted.

The court dismissed an appeal by JPMorgan, which had sought to put Intellectual Ventures' infringement case against it on hold after it challenged the patents-in-suit under the AIA's covered business method patent, or CBM, program. The judge denied the request, saying he didn't want to halt the case just to see if the PTAB decided to review the patents.

The Federal Circuit said it couldn't hear JPMorgan's appeal of that ruling, since the AIA only gives the court jurisdiction over appeals when a stay is denied after a review has been instituted.

The ruling provides useful guidance for litigants in the rapidly evolving realm of AIA jurisprudence, said Maya Eckstein of Hunton & Williams LLP.

"There are still so many open questions about CBMs and IPRs, but at least now we have an answer to that question," she said.

Although the ruling means that accused infringers can't appeal the denial of stay until after a review is instituted, some judges are inclined to grant stays even before institution, she noted. As a result, seeking a stay before a PTAB decision can still be a useful strategy.

"There's still a benefit to filing a motion to stay in many cases to educate the judge, and make sure the judge understands that there are serious questions about validity," she said.

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

In a rare Federal Circuit patent ruling that provides an important lesson for attorneys across all practice areas, the appeals court affirmed a lower court's ruling that AT&T cannot appeal a \$40 million patent infringement verdict against it because its attorneys from Sidley Austin LLP missed the appeal deadline.

In a **March ruling**, the court rejected Sidley's argument that it only missed the deadline because the email docket entries sent by the court did not make clear that the post-trial motions had been resolved and the 30-day window for filing an appeal had begun. The court said the firm had an obligation to read the actual rulings and not rely on the email notices.

"This is the most obvious instruction anyone can give that you had better open the notices and read the documents yourself," said Eckstein, who called the ruling a "scared straight" moment for all attorneys.

The case raised red flags for attorneys because it could have happened to anyone, yet involved a major law firm and a large damages award, she said. As a result, everyone now knows that relying on the emailed docket entries is not enough.

"It happened to Sidley, an experienced law firm with excellent lawyers, so there has to be many lawyers who were doing the exact same thing," she said.

No one can run the risk of missing a deadline in a high-stakes case like that, according to Steven Lieberman of Rothwell Figg Ernst & Manbeck PC. Following the ruling, firms are going to have to review their policies to make sure that doesn't happen, possibly by assigning a paralegal to read every document that comes in and certify that they did so, he said.

"It's probably going to change the practice of the docketing department of every firm in the country," he said.

### **Pacing Technologies LLC v. Garmin International Inc.**

The **February ruling**, which affirmed that Garmin did not infringe Pacing's patent on a method of aiding a person's pacing during exercise, marked possibly the first time that the court has ruled that the way the object of the invention is described in the patent's specification can narrow what it covers, which attorneys say could complicate claim drafting in the future.

The court found that the patent asserted by Pacing, which makes an iPhone application that lets users sync their running to the beat of a song, is limited to a device that produces a "sensible tempo" and that Garmin's device that lets users set a target pace does not infringe because it does not play music or produce a beat.

The "sensible tempo" limitation came not from the claims of Pacing's patent, but from the patent specification, which described the object of the invention as producing a tempo, which the Federal Circuit said was "a clear and unmistakable statement" that the patent can't cover anything that doesn't produce a tempo.

Patents often include a discussion in the specification of the objects of the invention, so the court's decision should have owners of such patents concerned that such statements can limit the patent's coverage, Shifley said.

"This case holds that what you write at the summary of the invention can result in clear disavowal of claim scope," he said. "I think that's going to give people fits."

Those drafting patents have learned not to use language like "the invention requires X" so as not to limit coverage, but now they have to worry about writing summaries of the invention so that it doesn't disavow claim scope in the way the Federal Circuit found here, he said.

"It's going to hurt those who write and try to enforce patents in the long term," he said.

### **In re: Papst Licensing**

This **February decision** vacating a ruling that Panasonic Corp. and others did not infringe Papst's camera patents is not the most important decision, but it kicked off a series of rulings that indicate the Federal Circuit is not yet changing how it treats claim construction, despite the U.S. Supreme Court's ruling in Teva Pharmaceuticals USA Inc. et al. v. Sandoz Inc. et al.

Papst marked the first time the appeals court applied the high court's **January decision**,

which held that factual findings made by a district court during claim construction are entitled to deference on appeal and rejected the Federal Circuit's old rule that all aspects of claim construction must be reviewed afresh.

The Federal Circuit held in *Papst*, and in over a dozen cases since, that the lower court did not make any factual findings entitled to deference, so it has continued to review claim construction rulings de novo.

"It seems that Teva has had very little impact," said Michael Sandonato of Fitzpatrick Cella Harper & Scinto.

Attorneys differ on whether this trend will continue as district courts begin to take Teva into account and decide whether to consider extrinsic evidence like expert testimony when making claim construction rulings.

Lieberman said that as a result of the Federal Circuit's rulings in *Papst* and others, judges have a clear incentive to make such factual findings during claim construction in order to ensure their rulings are reviewed with deference, making them difficult to reverse.

"It sends a clear signal to every district court judge that they should never again do claim construction without considering extrinsic evidence," he said.

Sandonato said he thinks judges will continue to rely on intrinsic evidence like the patent's claims and specification, rather than making factual findings in order to secure deference.

"I don't think this will cause judges to rely on extrinsic evidence," he said. "District courts by and large have a preference for relying on intrinsic evidence."

--Editing by Katherine Rautenberg and Mark Lebetkin.

---

All Content © 2003-2015, Portfolio Media, Inc.



**“Worldwide Design Patent System  
Can Trip Up the Unwary”**

**Robert S. Katz**

***Law360***

***May 14, 2015***



---

Portfolio Media, Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | [www.law360.com](http://www.law360.com)  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | [customerservice@law360.com](mailto:customerservice@law360.com)

---

## Worldwide Design Patent System Can Trip Up The Unwary

By **Ryan Davis**

Law360, New York (May 14, 2015, 8:05 PM ET) -- It became much easier for companies to seek worldwide design patent protection Wednesday when the U.S. joined the international system known as the Hague Agreement, and while obtaining design protection in over 60 countries with one application is appealing, the process is filled with tricky pitfalls, attorneys say.

Taking advantage of the Hague Agreement system can reduce the time and expense of securing design protection around the world, attorneys say, but applicants must research the design standards in all the countries where they are seeking protection to avoid the risk of having their applications rejected.

Any company that jumps right in to the new system without a detailed strategy and counseling is bound to face problems, said Chris Gegg of Alston & Bird LLP.

"From a lot of the publicity about it, it sounds like the Hague Agreement system has a very good potential to simplify the process and reduce costs," he said. "But there are a lot of hidden difficulties to using the system without becoming familiar with it."

The Hague Agreement establishes basic filing requirements for design patents and design registrations across dozens of countries. An applicant can file an application for design protection with the national patent office or with the World Intellectual Property Organization and designate the countries where it is seeking protection.

If filing requirements are met, the application is published and transmitted to the designated countries, where it will be examined under each country's laws for design patents and accepted or rejected accordingly.

Perhaps because the U.S. wasn't a member before, not many design applications are now filed under the Hague Agreement. In 2014, there were 2,924 design applications filed under the agreement, compared with 36,254 design patent applications in the U.S. Patent and Trademark Office.

As it stands, those numbers show that the agreement is "really small-potatoes stuff," but that could change, Charles Pearson, director of the USPTO's Office of International Patent Legal Administration, said at a USPTO advisory board meeting Thursday.

"If U.S. practitioners pick up on Hague Agreement, WIPO could be inundated," he said.

Using the streamlined Hague Agreement process rather than filing separate applications for each country can have many benefits for applicants, such as reducing the cost and

complexity of filing, since applicants can opt not to retain local attorneys in each country.

"If you're only talking about one country, it's not that much money, but it adds up fast," said Brent Dougal of Knobbe Martens Olson & Bear LLP. "The more countries you file in, the quicker this can add up to significant cost savings."

However, the Hague Agreement system can appear to be "deceptively convenient," since design protection laws can vary significantly from country to country, said Robert Katz of Banner & Witcoff Ltd.

"The Hague process will be one tool that should be considered in procuring a worldwide design portfolio, but care should still be taken to know the law and practices in each jurisdiction that you designate," he said.

Some countries limit eligibility for design protection and do not allow it for automotive replacement parts or graphical user interfaces, for instance. Others have specific requirements for how the drawings that accompany design applications must look.

In addition, while many countries provide design protection on a registration basis, meaning that applications are briefly reviewed for completeness, others like the U.S. and Japan have an examination system, where design applications are carefully scrutinized to determine whether they meet specific criteria like novelty and nonobviousness.

Companies seeking design protection in multiple countries can face the daunting task of preparing a single application that takes into account the specific requirements of many different countries.

"It's definitely going to require more effort up front to think about the different systems and what you're trying to achieve in different jurisdictions," Gegg said.

While some applicants may try to cut costs when filing a Hague Agreement application by not consulting attorneys in each country before filing, that can cause problems, attorneys say, particularly if the applicant has never sought design protection in that country before.

"The tendency is just to click the box for a foreign application and not involve foreign associates, but if it's a client's first time filing in a country, it really behooves them to reach out to a foreign associate," Dougal said. "You have to familiarize yourself with the particular countries you're going to select."

If the patent office in a given country objects to a design application under the Hague Agreement for not complying with its laws, the application is likely not doomed, but responding to the issues will require hiring local attorneys in that country. As result, "you proceed at your own risk if you don't know the law," Katz said.

"You can still file direct national filings, and in many cases, that may be the best way to do it," he said. "We have a long way to go on design harmonization issues."

It is also important to know that some major countries, including China and Canada, are not part of the Hague Agreement, so design applications have to be filed in those countries separately, and any design for which one of the inventors is a citizen of those countries cannot be registered under the agreement.

Applicants should also be aware that that Hague Agreement applications are published within six months, unlike U.S. design applications, which are not published until they are granted. That wrinkle can have advantages and disadvantages for applicants, attorneys say.

Publication creates provisional rights putting potential infringers on notice of the application and possibly letting patent owners secure damages in an infringement suit starting at the date of the notification. At the same time, many U.S. companies are not accustomed to having their design applications published, so it can be surprising if the product isn't ready to be launched, Dougal said.

"Those types of disclosures can be damaging to companies that are trying to keep designs secret until launch," he said.

Any company planning to take advantage of the Hague Agreement has to carefully consider all of these factors before filing an application, Gegg said.

"It's not as easy as it sounds, and a lot needs to be thought about beforehand," he said. "It is a great new application system, but you've got to figure out the right way to use it."

--Editing by Kat Laskowski and Brian Baresch.

---

All Content © 2003-2015, Portfolio Media, Inc.



**“Attorneys React to Supreme Court  
Patent Royalties Case”**

**Charles W. Shifley**

***Law360***

***June 22, 2015***



## Attorneys React To Supreme Court Patent Royalties Case

Law360, New York (June 22, 2015, 7:33 PM ET) -- On Monday, the U.S. Supreme Court issued a ruling in *Kimble v. Marvel Enterprises* that leaves intact a 50-year-old rule barring royalty agreements that continue after a patent expires. Here, attorneys tell Law360 why the decision is significant.

**Michael Albert, Wolf Greenfield**



"*Kimble* faced a high hurdle: Abandoning stare decisis requires a special justification, and the court found none here. *Brulotte* prohibits post-expiration patent royalties. Even if *Brulotte* is based on bad economics (i.e., the idea that post-expiration payments are always anti-competitive), that is not enough to overturn the law. The majority doubted that *Brulotte* created real-world problems, noting that parties could essentially contract around the rule with deferred payments, joint ventures or royalties tied to nonpatent rights. Today's decision will encourage the workarounds suggested by the court. Of course, this requires that, unlike *Kimble* and *Marvel*, parties know of *Brulotte*."

**Jamil Alibhai, Munck Wilson Mandala**



"Kimble v. Marvel Entertainment rests more on stare decisis than interpretation of the Patent Act. Declining to overrule Brulotte, the court's decision is predicated on the idea that if the expiration of a patent passes the right to make the invention to the public, then a patent holder cannot charge royalties after the expiration of the patent. Rather than defend Brulotte on the merits, the 6-3 majority decision relies on a 'superpowered form of stare decisis' because Brulotte interprets a statute. Finding no 'superspecial justification' for reversal, the court left it to Congress to fix any error."

**Erik Paul Belt, McCarter & English LLP**



"Many innovative companies will view Kimble as a missed opportunity to modernize the anachronistic five-decade-old Brulotte rule and bring it into line with how product development and commerce works. Any sector with heavy upfront costs or long lead times to commercialization — for example, life sciences — felt the sting. Willing parties should be free, absent coercion, to structure royalty obligations as they see fit. Kimble forces those businesses to creatively structure royalty obligations to reflect — as best they can — commercial and economic realities. For example, parties can specify a reduction in royalty rates after patent expiration to reflect other benefits of the bargain."

**Marla Butler, Robins Kaplan LLP**



"In *Kimble v. Marvel Enterprises*, the Supreme Court ultimately decided that the doctrine of stare decisis required that the *Brulotte* rule be left intact. That doctrine aside, however, this case highlighted a tension between patent policy and the policy in favor of parties' right to freely contract. The U.S. Constitution gives Congress the power '[t]o promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.' The fact that the Constitution mandates that the exclusivity is for a limited duration has tilted the decision in favor of patent policy. A patent is the result of a bargain the inventor has made: In exchange for a limited period of exclusivity, the inventor makes his or her invention freely available to the public."

**J. David Cabello, Blank Rome LLP**



"The *Kimble* decision is only significant in its inability to effect change. *Brulotte* and now *Kimble* preserve the constitutional principle of promoting the 'progress of science and useful arts by securing for limited times to ... inventors the exclusive rights to their ... discoveries.' While patent owners may argue that *Kimble* conflates a patent holder's exclusionary rights during a patent's term with a patent holder's contractual right to negotiate royalty payments, thus dishonoring the long-standing principles of freedom of

contract on balance, the public interest is best served by limiting a patent licensee's royalty payments to the patent term."

**Damir Cefo, Cohen & Gresser LLP**



"Today's decision squarely imputes the presumptive knowledge of an expired patent royalty ban on parties to any future agreements. The Brulotte rule, as clarified in *Kimble*, however, does not foreclose all royalties after the patent expires. Indeed, the parties still have many alternatives to explore for continued royalties post patent expiration, a number of which the court provides in its opinion. This decision further provides certainty and predictability for both patentees and licensees, because it reaffirms that the patent-related benefits end when the patent expires, and underscores that Congress, not the court, is the venue for any patent policy changes."

**Scott A.M. Chambers, Porzio Bromberg & Newman PC**



"Many economists and patent practitioners have suggested the rule restated in *Brulotte v. Thys Co.* should end, arguing that allowing a longer term for collecting royalties made good economic sense by permitting the patent holder to settle for a lower initial royalty rate. In *Kimble et al. v. Marvel Enterprises Inc.* the court rejected this reasoning in a 6-3 opinion. Regrettable, but perhaps this is wise given the bargaining position of the holders of some patents. If royalties that go beyond the term of the patent are contemplated, it

will be necessary to provide additional consideration in the agreement, perhaps in the form of providing valuable know-how, ongoing consultation or trademark use. Such extended terms are not precluded (e.g., *Aronson v. Quick Point*) but would likely receive heavy scrutiny.”

**Christopher J. Chan, Sutherland Asbill & Brennan LLP**



“The U.S. Supreme Court’s decision in *Kimble v. Marvel Entertainment* is a reminder to all current and potential licensing parties that patent royalties cannot be obtained after a patent expires. This has long been known as the *Brulotte* rule, which the Court has apparently declined to overturn. Even though the *Brulotte* rule limits patent royalties, licensing parties may continue to structure license agreements to pay nonpatent royalties after the patent expires, even when such royalties are closely related to the patent, such as royalties paid for the licensing of trade secrets, copyrights, trademarks and trade dress.”

**John Dragseth, Fish & Richardson PC**



“This is a hulking decision by the court with biting prose by Justice Kagan deserving of a *Kraven Daily Bugle* headline, that hopefully is a finisher on this issue and won’t make anyone climb the walls. It really didn’t matter much how the court ruled because savvy parties have been working around the *Brulotte* web for decades. And the *stare decisis* law is open to any result the court wanted, so there was support for both the majority and the

dissent of three justices (who could not muster a Fantastic Four) to mask their motives. Bottom line: Don't expect any change or avengers, let alone a dark reign."

**B. Scott Eidson, Stinson Leonard Street LLP**



"This decision reinforces that it is up to the practitioners to carefully spin their licensing agreements in such a way as to avoid the seemingly harsh consequences of Brulotte. As acknowledged by the court, Brulotte and its progeny give licensors several ways to craft agreements that allow for, in essence, post-patent expiration royalties. Parties to a licensing agreement can: defer payments past patent expiration dates; amortize payments past the patent expiration date; and — as is often done — tie post-expiration royalties to a nonpatent right and discount the amount of the royalty. Practitioners have had, and will continue to have, these tools at their disposal. Bottom line, parties can sidestep any issues created by this decision with continued attention to creative licensing arrangements."

**Casey Fitzpatrick, Christensen O'Connor Johnson Kindness**



"Although the Kimble decision offers lessons in license drafting, it also makes clear that patent applicants and their patent counsel must be aware of the effect their actions or inactions during prosecution can have on patent term and, by extension, future royalties.

Patent prosecutors will be expected to do what they can to avoid loss of patent term so that royalties can be collected for as long as possible. This will be true even where licenses are drafted with the Kimble/Brulotte rule in mind, because a shortened patent term may affect the patent holder's bargaining position."

**Jeremiah B. Frueauf, Sterne Kessler Goldstein & Fox**



"At first blush, the Supreme Court's affirmance today in *Kimble v. Marvel Entertainment LLC* simply maintains day-to-day licensing practices. However, that view is limited. The court's sanctioning of *Brulotte's* bright-line rule against royalties for post-expiration patent use brings renewed significance to risk leveraging and royalty allocation over the life of a patent. The court's decision also makes clear that those adversely affected by the court's affirming *Brulotte's* bright-line rule have a path to resolution through legislative action rather than the courts. This is particularly timely given legislators' keen interest in enacting patent reform in 2015."

**Melvin Garner, Leason Ellis**



"Today, the Supreme Court in *Kimble v. Marvel Enterprises* upheld a 50-year-old ruling that post-patent royalty payments are unlawful. By declining to overturn *Brulotte v. Thys*, the Court has confirmed patent law's policy of free public access to unpatented and formerly patented inventions. In light of *Kimble*, in-house counsel should review their license agreements to see if they were drafted with *Brulotte* in mind. While the rule is well-known among practitioners, in *Kimble*, both parties admitted to not being aware of



Brulotte when they drafted the agreement. This case reconfirms that knowledgeable contract drafting in the patent space is critical.”

**Robert M. Gerstein, Marshall Gerstein & Borun LLP**



“Kimble will have little impact on straightforward royalties on expired patents because most licensees will not agree to continue paying royalties when competitors have no such obligation, no matter the state of the law. There are rare situations, mostly in life sciences, where post-expiration royalties make economic sense for all parties, who will continue to use other structures to achieve their goals. Absent prodding Congress to change the law, which seems unlikely, Kimble’s most significant impact comes from its acknowledgment that those other structures are legitimate ways to circumvent the bar on post-expiration royalties, ensuring their future use.”

**Jeanne Gills, Foley & Lardner LLP**



“Parties have relied on the fact that a patent is dedicated to the public at the end of its term. Parties have thus been free to negotiate a business deal that allocates both risk and reward without running afoul of Brulotte, including, as the justices recognized, provisions such as deferred payments, royalties on nonpatented IP or other patents, and a myriad of other business arrangements not discussed (e.g., joint venture, cross-licensing, consulting relationships, etc.). Today’s ruling simply means business as usual, although it may encourage parties to be more creative in negotiating patent licenses going forward, especially with breakthrough technology.”



**Eric E. Grondahl, McCarter & English LLP**



"The Kimble decision, while nominally maintaining the status quo, may result in unnecessary, increased complexity in patent licenses. This will increase the cost of negotiating licenses and may subject more licenses to legal challenge. Licensors seeking to avoid the limits imposed by Brulotte — and now Kimble — will have to look to license other, nonpatent rights, such as trade secrets, to continue royalty streams after a patent expires. Counsel working on these agreements must be careful to identify the nonpatent rights with sufficient specificity to ensure such agreements are enforceable."

**Steve Hankins, Schiff Hardin LLP**



"Despite high hopes, and contrary to just about every economic argument that the Brulotte rule should be abandoned, the Supreme Court stuck to its guns and refused to overturn the 50-year-old case. Riffing off of the Spiderman technology at issue, the majority identified several 'superpowered' legal doctrines that license drafters need to navigate — all of which guarantee that, when a patent expires, it is dead. The court suggested ways to avoid these superpowered doctrines — e.g., license something 'more' than the invention, bundle patents with long terms, and avoid a license altogether, call the deal a joint venture. Of these suggestions, I suspect that the solution where payments are amortized over an extended period of time may be the simplest solution for license drafters. The court certainly kept it simple from a jurisprudential standpoint — stare decisis is stare decisis — but it was at the expense of license drafters who still will have to

navigate these options so as not to run afoul of the Brulotte per se rule which, itself, has taken on an unassailable superpower aspect of its own. Only Congress, apparently, has the secret weapon to ultimately kill the Brulotte rule. The Supreme Court has proclaimed itself powerless.”

**Melissa Hunter-Ensor, Saul Ewing LLP**



“This is a very significant decision — particularly for licensors and licensees in the life sciences — where there is a long and uncertain timeline to commercialization. By declining to overrule Brulotte, the court has left in place a per se rule that clearly links the payment of royalties to the life of the patent. It also emphasizes the need for creativity in crafting license agreements that maximize value for patent owners and reward innovation by providing royalty payments, not only for patent rights, but for other forms of intellectual property, as well.”

**Mark Jansen, Crowell & Moring LLP**



“Today’s ruling is surprising in light of narrowing blanket prohibitions in the patent and antitrust areas. Even if there is a 'web of precedent' relying on the old rule, that 'web' seems to ignore related developments based on modern law and economics and real-world patent licensing. The key piece of the opinion is the court’s identification of other ways licensing parties can achieve the 'same ends' as overturning Brulotte, for example by deferring payments so that compensation is based on pre-expiration use of the patent,

tying post-patent expiration royalties to nonpatent rights such as trade secrets, and entering into joint ventures.”

**Lori Johnson, Chamberlain Hrdlicka**



“By upholding the *Brulotte* rule, the Supreme Court retained a simple and predictable test for the end date of a patent royalty. *Kimble v. Marvel* underscores the importance of keeping patent agreements separate from other business agreements. Business agreements can support any number of financial obligations, but patents serve a greater purpose. Patents inform the public and for that, they are given a period of commercial exclusivity. At the end of that monopoly period, the bargain is to allow the invention to enter the public domain.”

**Neal Katyal, Hogan Lovells**



“Justice Kagan’s opinion for the Court in *Kimble* is a masterpiece. It puts to rest the long-simmering question of whether *Brulotte* should be overruled — which will provide important stability to patent law. But its significance will reach far beyond patent law. It is the single best distillation of when it is appropriate to follow *stare decisis* in decades, and will stand as a classic exposition on that subject — well apart from patent law.”

**John Keville, Winston & Strawn LLP**



"The only significance is it upheld precedent. But it was still interesting. *Kimble v. Marvel Entertainment LLC* addressed a settlement on a patent to a web-shooting glove. Although the agreement set no end date for royalties, prior case law made such agreements antitrust violations. In rejecting Kimble's argument for ongoing royalties, Justice Kagan, a comic book fan, paid tribute to Spider-Man noting, 'What we can decide, we can undecide. But stare decisis teaches that we should exercise that authority sparingly,' referencing the iconic line, '[I]n this world, with great power there must also come — great responsibility.'"

**Jim Klaiber, Pryor Cashman LLP**



"The Supreme Court says little about hybrid licenses (combining patent and nonpatent rights), which were at issue in this case. There was no reference to its earlier decision in *Aronson*, which held that a discount after the patent rights expired took the license outside Brulotte's per se rule, saying only that 'a patent and a trade secret [license] can set a 5 percent [combined] royalty during the patent period ... and a 4 percent royalty' after the patent expires. So the risk of entering a hybrid license continues — parties could consider a free nonsuit patent covenant and a constant ongoing nonpatent royalty."

**Jeffrey R. Kuester, Taylor English Duma LLP**



"Beleaguered patent attorneys sigh in collective relief to dodge another landmark change to patent jurisprudence. For over 10 years, through eBay, KSR and Alice, the court has ignored stare decisis. It is good news if such certainty is here to stay, and leaving matters to Congress in the absence of clear negative impacts would help revive predictability, perhaps the court's greatest responsibility. While refusing to change the prohibition against post-expiration royalties, the court did note that there are still ways for licenses to be drafted to accomplish the same goals, placing a premium on good drafting and thoughtful lawyering."

**Benjamin Lieb, Sheridan Ross**



"The Supreme Court's ruling in *Kimble v. Marvel Enterprises* is not surprising, and simply highlights the need for creative licensing structures for royalties due after patent expiration. For example, the licensing of know-how along with the patent allows for continuing royalties on the know-how after patent expiration, so long as the royalty amount is adjusted after patent expiration to distinguish between the value of the patent and the know-how alone. Another possibility would be to design a milestone payment that is calculated based upon future revenue projections and is due before patent expiration, but that allows the licensee to pay that milestone over a time span that extends beyond the patent expiration date."

**David Maiorana, Jones Day**



"The Supreme Court's decision in *Kimble v. Marvel Enterprises* is significant as much for what it did not do as for what it did. Relying on *stare decisis*, the court declined to disturb its own 50-year-old rule set forth in *Brulotte* precluding royalty agreements that extend beyond the patent term. The court pointed *Kimble* to Congress, noting that the legislature was the 'proper audience' for his concerns that the rule stifled competition. The court also justified its decision by pointing to the rule's simplicity and ease of application. In dissent, Justice Alito referred to *Brulotte* as 'baseless and damaging precedent.'"

**Melanie Mayer, Fenwick & West LLP**



"*Kimble* upholds *Brulotte*, which allows a licensee to defer payments for pre-expiration use of a patent into the post-expiration period, but bars royalties for using patented technology after the patent has expired. To be enforceable under *Brulotte*, contracts should be explicit that any post-expiration royalties are not for use of an expired patent, but are for use of nonpatent IP, amortized payments for patent use during the patent term, etc. Likewise, licensing agreements covering multiple patents/patent applications or a mix of patents and other IP should provide a step-down royalty that applies upon expiration of each of the licensed patents."

**Gregg Metzger, Feldman Gale**



"I think that greatest significance of *Kimble* is that the Supreme Court took it up in the first place. By granting cert to reaffirm what was already well-settled law under *Brulotte*, the Supreme Court confirms that it has been confronting, quite deliberately, the interrelationship among competing notions: natural property rights, constructive property rights — especially government-conferred intellectual property rights in the form of patent protection — freedom of contract, antitrust principles, social responsibility and even eminent domain. Very salient, given what's happened to our culture and social-economic structure over the last 30 years. (See also the 2005 eminent domain decision in *Kelo*.) It really goes beyond just patent law. *Bilski* and *Alice Corp.* are, in reality, about a lot more than just method patents. And *Kimble* is, in reality, about a lot more than just patent licensor rights."

**Gerard P. Norton, Fox Rothschild LLP**



"The Supreme Court's ruling [Monday] in *Kimble v. Marvel* upholding the court's 1964 decision in *Brulotte* provides clarity to those involved in transactional work regarding existing and future licensing agreements involving a patent component. Prior to today, the practitioner would likely mutter, 'I know of *Brulotte*, I understand *Brulotte* — an almost excruciatingly simple holding stating that collection of royalties from a licensee post-patent expiration is "unlawful per se" — but I wonder, given the general disdain for *Brulotte* in numerous lower courts, whether some 50 years later this basic concept would pass muster of Supreme Court review.' Today, the court put any such apprehension to rest. At the end



of the day, a 6-3 majority resolved that the doctrine of stare decisis required Brulotte to stand, with the majority concluding that there was no compelling reason to disturb the earlier ruling (and in fact noting several well-heeded examples which allow the parties licensing flexibility with Brulotte in mind), instead placing any such future action regarding Brulotte at the doorstep of Congress. For better or worse, at least we have clarity — maybe for another 50 years.”

**Charles O’Brien, Cantor Colburn**



“The Kimble court declined to overrule its often-criticized Brulotte decision that agreements requiring payment of post-expiration royalties are unlawful per se. While the court acknowledged that Brulotte may prevent parties from entering into deals they desire, it held that a 'superpowered form of stare decisis' applies, thereby preventing the rule from being overturned. Going forward, licensors and licensees will need to continue to abide by the Brulotte rule in drafting and negotiating royalty provisions, including employing the options set out by the court that are allowed under Brulotte.”

**A. Antony Pfeffer, Kenyon & Kenyon LLP**



This decision should have little impact on patent licensing. For existing and future agreements nothing changes. The entire court appears to agree that Brulotte was possibly wrongly decided, but the justices disagree on whether they should fix it. The majority approvingly acknowledges a number of different ways that the restrictions from Brulotte



can be sidestepped. While these methods have long been in the hands of skilled licensing attorneys they have now been recognized as appropriate ways to avoid Brulotte while not rendering your agreements unenforceable. The majority opinion seems to be 'even if it is broke, don't fix it, just live with it.'"

**W. Edward Ramage, Baker Donelson Bearman Caldwell & Berkowitz PC**



"While the Brulotte rule may be long-standing, a surprisingly high number of patent owners and licensees may have been unaware of it. Perhaps the main significance of today's decision is educational: reminding those engaging in licensing transactions of the existence of Brulotte and the need to give careful consideration to how royalties are structured."

**Stacey Ravetta, Perkins Coie LLP**



"The Supreme Court's decision with respect to *Kimble v. Marvel Enterprises* is as we expected. In its opinion, the Court endorses the current practice of finding various ways to draft around Brulotte to achieve the desired business result. We fully expect that this practice will continue post-decision. Given that current attempts at patent reform are primarily litigation focused, it will be interesting to see if Congress adds the payment of royalties accruing after the patent's expiration to the list of issues to address."

**James W. Repass, Norton Rose Fulbright**



"The Supreme Court's decision in *Kimble v. Marvel Enterprises Inc.* reaffirms the bright-line rule from *Brulotte* that it is per se unlawful to provide for patent royalty payments after the patent has expired. The decision reminds licensors that they should separately designate royalties for patent and nonpatent intellectual property if they want royalties to continue to flow after the patent expires."

**Art Rose, Knobbe Martens Olson & Bear LLP**



"The significance of the decision lies in its clarification of several issues. First, the court explicitly confirmed the legitimacy of some *Brulotte* workarounds, such as royalty agreements involving multiple patents running until the last patent expires and hybrid royalty agreements involving patent and nonpatent rights such as trade secrets. Second, the opinion didn't rely on *Brulotte*'s rationale that post-expiration patent royalty agreements 'enlarge the monopoly of the patent.' Instead, the court appears to agree that post-patent expiration royalties are not invariably anti-competitive. This reduces the risk that patents involved in such agreements may be rendered unenforceable."

**Harry Rubin, Ropes & Gray LLP**



"In *Kimble v. Marvel Entertainment LLC*, the U.S. Supreme Court reaffirmed that post-patent expiration royalty requirements are unlawful per se. The court expressly sanctioned other contractual provisions allowing an IP owner to monetize IP beyond the life of a patent in an IP transaction involving a bundle of IP rights. Patent owners may continue monetizing if the patent in question is part of a larger patent bundle and such other patents would expire later, and, most importantly, they may tie royalty payments on an ongoing basis to other types of intellectual property, such as trade secrets and know-how, that are licensed in the same transaction. The court also sanctioned payment streams that are part of larger commercial transactions, such as joint ventures. Significantly, both parties in *Kimble* were not actually aware of the post-patent royalty prohibition. The big message to practitioners and IP companies, therefore, is to monitor carefully the law pertaining to patent monetization and craft creative solutions to achieve commercial objectives consistent with applicable law."

**Laura Seigle, Irell & Manella LLP**



"*Kimble* leaves in place what the court calls a workable and easy to apply rule, rather than replace it with a rule of reason, which the court feared would produce high litigation costs and unpredictable results. The decision not to overturn the rule against royalties for post-

expiration patent use was influenced by the recognition that, as a practical matter, parties can find ways around that rule, such as by deferring payments, having royalties run until the last of multiple licensed patents expires, or including nonpatent rights in the license. Kimble does not affect the viability of those alternatives.”

**Christopher A. Shield, Bracewell & Giuliani LLP**



"The court's opinion in *Kimble v. Marvel Entertainment LLC* reaffirms a common-sense approach to licensing, i.e., that patentees should not be able to receive royalty payments outside of the patent term. Because the opinion is not a change in the state of the law, the opinion's significance is minimal."

**Charles W. Shifley, Banner & Witcoff**



"In an important decision today for patent-licensing freedom, the Supreme Court cleared the way for spreading patent royalty payments after the expiration of patents. The court affirmed the decision of *Brulotte v. Thys* that royalties may not be collected on sales that occur after patents expire, but it opened the freedom to extend 'in-term' royalties on patents into the post-expiration period. The court specifically stated, for example, that 'Brulotte leaves open various ways — involving both licensing and other business arrangements — to accomplish payment deferral and risk-spreading alike.' Patent owners

and licensees may now confidently and without concern for Brulotte's per se bar (1) extend in-term patent royalty payments into post-term periods, (2) extend payments to the expiration of the latest-expiring patent in a group, (3) extend payments to the end of the continued use of trade secrets that are closely related to licensed patents, and (4) use joint ventures and like business arrangements that extend the sharing of risks and rewards of commercialization of inventions after the conclusion of patent terms."

**Neil Smith, Rimon Law**



"I always viewed the Brulotte precedent as antitrust and not really patent-law based, and found in my own licensing and ADR mediation/settlement of patent cases that the precedent interfered with the most rational and fair basis for settling a running royalty based upon use in the future. Often, one cannot accurately predict how much and how long a product, such as the toy at issue here, will be sold or have a demand in the market. The running royalty satisfies most expectations. The licensee doesn't want to pay ahead for fear the market will dry up, and the licensee hopes the sales will continue and wants a fair payment if they do. It is ironic that the beneficiary in this case is the big company licensee who claims ignorance of the law set down by the Supreme Court, who can now stop paying under the contract."

**Michael Sandonato, Fitzpatrick Cella Harper & Scinto**



"It's fitting that in a case about a superhero, the high court based its decision on a 'superpowered form' of stare decisis and the absence of a 'superspecial justification' for overturning Brulotte. Although there is a little bit of discussion of the soundness of the Brulotte rule, the clear takeaway here is that if the rule is to be changed, it's Congress' job to do so."

**Jon Steinsapir, Kinsella Weitzman Iser Kump & Aldisert**



"Those looking for clues as to the court's view of patent licensing generally will not find much in the court's decision. Rather, the court's reasoning had little to do with patent law — the court simply affirmed its commitment to stare decisis, particularly in statutory cases where Congress can 'correct' a purportedly 'erroneous' decision. Were the court writing on an empty slate, it very well may have reached the opposite result. However, the court's view was that the country has lived for five decades under the existing rule, and if that rule should be changed, Congress should do it, not the court."

**Kirk Watkins, Womble Carlyle Sandridge & Rice PLLC**



"'Patents endow their holders with certain superpowers, but only for a limited time.' The Supreme Court quoted Justice Brandeis' holding that it is 'usually "more important that the applicable rule of law be settled than that it be settled right." ... Stare decisis has consequence only to the extent it sustains incorrect decisions; correct judgments have no need for that principle.' This decision is likely an outlier rather than a new wave upholding bad law for good reasons. Where a larger impact is expected, the dissent's view that the entire burden of correction of this court's errors should not be placed on Congress will prevail."

**Bryan Wheelock, Harness Dickey & Pierce PLC**



"Today's Supreme Court decision in *Kimble v. Marvel Entertainment* means that a patent owner's ability to reap the rewards for the invention remain artificially limited. *Kimble* and *Marvel* negotiated a 3 percent royalty. *Kimble* probably wanted a higher royalty, but stretching the payments beyond the patent's term allowed him to accept a lower rate that *Marvel* was willing to pay. The majority's application of *Brulotte* to upset the parties' agreement is correct, but the dissent is equally correct that *Brulotte* makes no sense. Critics of the rule are free to take their objections to Congress which, the majority points out, has spurned multiple opportunities to reverse *Brulotte*."

--Editing by Mark Lebetkin.

---

All Content © 2003-2015, Portfolio Media, Inc.



**“Limelight Case Widens Scope of  
Direct Infringement”**

**H. Wayne Porter**

***Law360***

***August 13, 2015***





---

Portfolio Media, Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | [www.law360.com](http://www.law360.com)  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | [customerservice@law360.com](mailto:customerservice@law360.com)

---

## Limelight Case Widens Scope Of Direct Infringement

By **Erin Coe**

Law360, San Diego (August 13, 2015, 11:14 PM ET) -- The Federal Circuit's en banc decision Thursday restored a \$45.5 million jury verdict against Limelight Networks Inc. for infringing Akamai Technologies Inc.'s Web content delivery patent even though Limelight's customers carried out some steps of the patent, a ruling that boosts patent holders' rights by expanding when accused infringers can be liable for direct infringement, lawyers say.

The full court **vacated a decision** by the court in May that found Limelight didn't infringe Akamai's patent. It held that the jury received substantial evidence to find that Limelight directs or controls its customers' performance of some steps of Akamai's patented method for delivering content over the Internet, such that all steps are attributable to Limelight.

Vacating prior decisions to the extent that they indicate that only principal-agent relationships, contractual arrangements and joint enterprises could give rise to direct infringement under Section 271(a) of the Patent Act in multi-party situations, the full court held that there also could be liability if two conditions were met: The alleged infringer conditions participation in an activity, or receipt of a benefit, upon the other party performing one or more steps of a patented method, and the alleged infringer establishes the manner or timing of that performance, according to Robert Fischer, chairman of the licensing and transactions practice at Fitzpatrick Cella Harper & Scinto LLP.

"Although the exact bounds of this new decision will necessarily require further case law decisions to determine at the margin the boundary between fact patterns that do satisfy the requisite conditions, and those that don't, on its face, it represents an expansion of the scope of liability for direct infringement," he said.

The decision will make it easier for patent holders to prove direct infringement where multiple parties are involved in performing the steps of a method claim, while the decision for accused infringers means the need to have multiple parties to perform all steps of a method claim may present a less viable noninfringement argument, Fischer said.

The Federal Circuit found that Akamai showed that Limelight conditions its customers' use of its content delivery network upon its customers' performance of certain tagging and serving steps and that Limelight establishes the manner or timing of its customers' performance.

The en banc court hooked onto the word "attributable" and created a quasi-indirect theory of direct infringement, according to Blair Jacobs, a partner at Paul Hastings LLP.

"The panel looked at an agency theory of control, and if a company is controlling an activity of another so that all the steps [of a patented method] are performed even though

they are not performed by one single entity, the patent holder can show infringement of method claims," he said.

The ruling breathes life back into joint infringement claims, according to Jacobs.

"In this world, where so much of electronic information and data provided involves a multistep process between entities and where joint ventures are commonplace, patent holders want patent laws that are as robust as they can be, and this ruling provides new and real power for those asserting joint infringement," he said.

Over the years, many practitioners had started to back away from asserting method claims because of the rigidity of the law requiring all steps of a patented method be performed by one entity, according to Jacobs.

"This ruling will put a lot of teeth and power back into method claims, and we will likely see patent holders using method claims as an enforcement mechanism much more frequently than over the last few years," he said.

The ruling comes just days after the Federal Circuit **issued an en banc decision Monday** that the U.S. International Trade Commission has the authority to prevent the importation of products that hold the potential to induce infringement of U.S. patents after they are imported, even if they don't infringe at the time they enter the country.

"Opinions from the past two months or so reflect that the pendulum may be swinging back in the direction of more expansive patent holder rights," Jacobs said.

In upholding infringement in this case, the Federal Circuit looked at objective circumstances, such as the standard contract executed by Limelight customers, the company's distribution of materials, as well as its installation guidelines, rather than looking at evidence of intent or whether there were substantial noninfringing uses, according to Terry Clark, who leads the intellectual property litigation practice at Bass Berry & Sims PLC in Washington, D.C.

"On the defense side, the court has made it more difficult to draw the line between evidence we would be asserting in defense of direct infringement as opposed to indirect infringement," he said. "It's unclear what would be the best defense against an allegation that a client is infringing method claims that involve more than one party."

The ruling also could influence how parties draft patents. In light of the ruling, some patent drafters may now be less reluctant to include method claim steps performable by different entities, according to H. Wayne Porter, a principal shareholder at Banner & Witcoff Ltd.

"The decision potentially makes method claims with steps performable by multiple parties more valuable," he said.

The case also might give patent applicants more flexibility in meeting Section 101 of the Patent Act relating to patentable subject matter, he said.

"When adding steps [for method claims], patent drafters think about who will perform all of these steps and whether it will be one entity or multiple entities," he said. "Under the evolving law of patentable subject matter, you may have an invention in which some steps by themselves may only be directed to an abstract idea, but which may, in combination with other steps, become a patentable invention. Before the decision, adding those other steps may not have been very appealing if they would be performed by a different entity, as the claim might not be directly infringed in real life. Now, if a drafter wants to add steps to get past only claiming an abstract idea, it may be a more viable option."

The current case is on remand from the U.S. Supreme Court, which last year reversed a Federal Circuit holding that Limelight could be liable for induced infringement but not direct infringement. The high court directed the Federal Circuit on remand to address joint infringement.

Attorneys disagreed over whether the case was likely to be picked up by the Supreme Court again.

"The Supreme Court has been pretty clear in the way it is interpreting a single entity and the [direct infringement] requirement that a single entity must perform all of the steps," Jacobs said. "This 'attributable' language by the Federal Circuit is new, and it is interpreting the patent statute in a way the Federal Circuit hasn't previously done. That will catch the attention of the Supreme Court, which often clarifies the Federal Circuit's IP rulings."

Porter said that although the Supreme Court hasn't shown much hesitancy in reversing the Federal Circuit, it might be loath to chime in a second time.

"It already had the case once, and I'm not so sure it will be eager to jump into it again," he said.

The case is Akamai Technologies Inc. et al. v. Limelight Networks Inc., case number 09-1372, in the U.S. Court of Appeals for the Federal Circuit.

--Editing by Jeremy Barker and Christine Chun.

---

All Content © 2003-2015, Portfolio Media, Inc.



**“PTAB Says Rehashed Args. Sink  
Pipe Rehab Patent Reviews”**

**Christopher L. McKee**

***Law360***

***August 27, 2015***



---

Portfolio Media, Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | [www.law360.com](http://www.law360.com)  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | [customerservice@law360.com](mailto:customerservice@law360.com)

---

## PTAB Says Rehashed Args. Sink Pipe Rehab Patent Reviews

By **Vin Gurrieri**

Law360, New York (August 27, 2015, 1:34 PM ET) -- The Patent Trial and Appeal Board has declined BLD Services LLC's requests to institute America Invents Act reviews of two LMK Technologies LLC trenchless sewer pipe rehabilitation patents, saying BLD tried to take a second bite at the apple to invalidate claims the PTAB had already declined to review.

In a pair of decisions issued Monday, a three-judge panel for the PTAB decided not to institute inter partes reviews of certain claims of LMK's U.S. Patent Numbers 8,667,991 and 7,975,726 after concluding that BLD Services' petitions raised the same arguments in its February petitions as it did in earlier, unsuccessful challenges to the same claims.

"After careful review of the petition, we are persuaded that arguments raised in the petition[s] are 'substantially the same' as those previously presented to the office in the [earlier] proceeding[s]," the PTAB said.

In one of those earlier proceedings, the board in November had instituted an IPR as to claims 1 and 5-37 of the '991 patent after finding there is a reasonable likelihood that the challenged claims are unpatentable under section 103 of the Patent Act.

That decision, however, denied the BLD's challenge to claims 2, 3 and 4 of the patent — the same claims at issue in the instant petition and which the board already denied review.

Similarly, in regards to the '726 patent, the board instituted an IPR in November as to claims 9, 10, 13-15, and 27-42 of the patent after finding that BLD Services presented enough information in its petition to establish a reasonable likelihood that the claims are invalid as obvious.

But in that decision, the board declined to institute a review of claims 1-8, 11, 12, and 16-26 of the '726 patent.

Just as it did with the '991 patent, BLD Services' instant petition as to the '726 patent challenged each claim that was denied review in the earlier proceeding and substantially repeated its arguments in its more recent petitions, according to the PTAB.

Both of the previous matters are still pending, according to PTAB docket records.

LMK had asserted the patents in a 2014 Illinois federal court suit accusing BLD Services of making and selling pipeline rehabilitation products that infringe the '726 patent. A subsequent amended complaint included claims that BLD Services infringed the '991 patent as well as a third related patent.

U.S. District Judge Matthew F. Kennelly later stayed the case pending the PTAB's decision regarding the claims at issue.

Banner & Witcoff attorney Christopher L. McKee, who represented LMK, said in a statement that "this is a well-deserved victory for LMK," and that the PTAB "properly exercised its discretion to shut down BLD's duplicative second attempts to challenge claims of LMK's patents."

Counsel for BLD Services was not immediately available for comment Thursday.

Administrative Patent Judges Grace Karaffa Obermann, Sheridan K. Snedden and Zhenyu Yang sat on the panel for the PTAB.

The patents-in-suit were U.S. Patent Numbers 8,667,991 and 7,975,726.

BLD Services was represented by Scott A.M. Chambers and B. Dell Chism of Porzio Bromberg & Newman PC.

LMK was represented by Christopher L. McKee of Banner & Witcoff Ltd. and Jeffrey D. Harty of Nymaster Goode PLC.

The cases are BLD Services LLC v. LMK Technologies LLC, case numbers IPR2015-00723 and IPR2015-00721, both before the Patent Trial and Appeal Board.

--Editing by Emily Kokoll.

---

All Content © 2003-2015, Portfolio Media, Inc.



**"7 Recent Fed. Circ. Rulings IP Attys  
Need to Know"**

**Bradley C. Wright**

***Law360***

***October 19, 2015***



---

Portfolio Media, Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | www.law360.com  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

---

## 7 Recent Fed. Circ. Rulings IP Attys Need To Know

By **Ryan Davis**

Law360, New York (October 19, 2015, 12:41 PM ET) -- The Federal Circuit has handed down a flood of important patent decisions in recent months, including three en banc rulings dealing with the standard for proving direct infringement, the U.S. International Trade Commission's patent authority and the use of laches in patent cases. Here's a roundup of the top rulings by the Federal Circuit since July and their potential implications for intellectual property law.

### **Suprema Inc. v. U.S. International Trade Commission**

The Federal Circuit's unusually prolific run of en banc decisions **kicked off in August**, when the full court overturned a panel decision that the ITC cannot hear patent cases involving induced infringement, closing what attorneys said had been a major loophole in the trade body's patent authority.

The panel had held that the statute governing patent cases at the ITC only covers products that infringe at the time they enter the U.S., but the full court said that interpretation would improperly bar patent owners from getting relief from unfair trade acts.

The court held that the ITC can prevent the importation of products that hold the potential to induce infringement of U.S. patents after they are imported.

Under the panel decision, importers could have evaded the ITC's jurisdiction by breaking products into two pieces and importing them separately or deactivating infringing features until after a product enters the U.S., attorneys say.

"The earlier panel decision provided a roadmap for circumventing ITC actions," said Bradley Wright of Banner & Witcoff Ltd. "The en banc court realized that was a glaring loophole that provided a way out for a number of infringement schemes."

Induced infringement cases are not all that common at the ITC, but the Suprema case is notable because the court resolved it by holding that the commission's interpretation of the ITC statute is entitled to deference under the U.S. Supreme Court's landmark 1984 Chevron decision.

"The absolute number of these cases is not huge, but it's important that the court was willing to defer to the ITC under Chevron," said Dan Bagatell of Perkins Coie LLP.

A Federal Circuit panel is now considering an **even more high-profile case** over whether the ITC has authority over patent cases involving digital files. The ITC says that it does, and attorneys will be watching closely to see if the court applies the same level of



deference to the commission's interpretation in that case.

### **Akamai Technologies Inc. v. Limelight Networks Inc.**

Three days after *Suprema*, the Federal Circuit handed down **another en banc decision** in this long-running patent dispute over Web content technology, which cleared a path for infringement suits where more than one party performs the steps of the patent.

The appeals court had previously held that if two or more parties perform the steps, there is no liability for direct infringement unless they are acting as a single entity, but the en banc court revised that rule. It set out more scenarios in which there can be liability for so-called joint infringement.

The court said that two parties can be liable if the an infringer conditions participation in an activity or receipt of a benefit upon the other party's performing one or more steps of a patented method, and the infringer establishes the manner or timing of that performance.

As a result, it restored a \$45.5 million jury verdict against Limelight, which was found to perform some steps of Akamai's patent while its customers carry out the rest. The ruling clears the way for more joint infringement cases, attorneys say.

"In the past, I would have said that joint infringement is dead or on its deathbed, but no more," said Maya Eckstein of Hunton & Williams LLP.

Previously, if a patent was performed by multiple parties, the patent owner was "out of luck" and generally couldn't enforce the patent, but that is no longer the case, and such patents can now be more widely asserted, Wright said.

"The court loosened the rules and made it easier to show direct infringement if there is more than one actor," he said. "It makes process or method patents more valuable than they have been in recent years."

The Limelight decision will undoubtedly lead to fights in future cases about whether the relationship between the infringing parties meets the decision's criteria, which may be challenging for courts to resolve, Eckstein said.

"In an attempt to clarify this issue, I think they may have muddied it," she said. "There are so many questions."

### **SCA Hygiene Products AB et al. v. First Quality Baby Products LLC**

The Federal Circuit's third en banc ruling in just over a month **came in September** when the court held that laches remains a viable defense in patent cases, even though the U.S. Supreme Court recently held that it is not available in copyright cases.

The high court's high-profile decision in a copyright case over the movie "Raging Bull" does not apply to patent law, the Federal Circuit found, because the Patent Act was expressly written to include a laches defense, which lets judges throw out a suit if the plaintiff unreasonably delayed before bringing it.

The decision "basically confirmed the assumption that we've all been working under that laches is a viable defense in patent cases," Eckstein said. "It's an item that's always been in the defense attorneys' tool box."

Laches "is not the most frequent defense, but it's a significant defense," said Bagatell, adding that the Federal Circuit made a notable statement that patent law and copyright law are different.

"Despite being reversed by the Supreme Court several times on the grounds that the Federal Circuit is applying patent-specific rules, the majority was willing to say there is a distinction," he said. "It's significant that the majority was not running in fear of the Supreme Court."

### **Carnegie Mellon University v. Marvell Technology Group Ltd.**

This **August decision** vacated part of a \$1.5 billion chip patent judgment that Carnegie Mellon won against Marvell, which had been the largest in the history of patent law, and set a precedent that products made and shipped overseas can be subject to American patent law if they're sold in the U.S.

The Federal Circuit ordered a new trial to determine whether Marvell products made and delivered abroad were technically sold in the U.S., and thus subject to U.S. patent law, because Marvell custom-designed them for customers in California.

The university and Marvell are likely in for years more of heated litigation to resolve that, but the Federal Circuit's suggestion that products that never enter the U.S. could be sold here and subject to patent damages is significant, and provides a potential avenue for patent owners to secure large judgments.

"Think of all the foreign companies that have U.S.-based sales offices," Eckstein said. "All the sales made from the U.S. could be open to patent infringement liability and damages, even if the buyer is abroad."

### **AIA Review Decisions**

The Federal Circuit grappled with the question of what aspects of the Patent Trial and Appeal Board's decisions to institute America Invents Act reviews can be reviewed on appeal in three separate rulings in recent months that limit the options of patent owners challenging PTAB invalidity findings.

In its first ruling in an AIA inter partes review, known as *Cuozzo*, a panel held that most aspects of institution decisions cannot be reviewed on appeal because the AIA statute states that the decisions are final and nonappealable. The court **voted 6-5** in July not to take that case en banc.

In September, a Federal Circuit panel held that the question of whether an AIA inter partes review petition is time-barred likewise **can't be reviewed** on appeal.

In a rare exception, a panel ruled in the court's first decision under the AIA's business method patent review program, known as *Versata*, that it could review on appeal whether the board properly decided that a patent was subject to the program, over objections by one judge that it conflicted with *Cuozzo*. The full court **decided in October** not to take that case en banc either.

"This collection of cases severely limits the ability of the patent owners to undo what the patent office has done" in AIA reviews, which have invalidated many patents, Wright said.

The limits on what can be appealed in AIA proceedings are a cause for concern for many attorneys, said Jon Wright of Sterne Kessler Goldstein & Fox PLLC, since it leaves the PTAB to its own devices in interpreting the AIA.

The board is sharply divided on some key issues, like whether parties challenging patents can **combine two petitions**, and those disputes apparently cannot be resolved by the Federal Circuit, he noted.

"Are we going to be left with panel-dependent interpretations of important statutory issues? That's troubling to the bar," he said.

--Editing by John Quinn and Brian Baresch.

---

All Content © 2003-2015, Portfolio Media, Inc.



**“5 Times to Consider Filing for  
Design Patents”**

**Richard S. Stockton**

***Law360***

***October 20, 2015***



---

Portfolio Media, Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | [www.law360.com](http://www.law360.com)  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | [customerservice@law360.com](mailto:customerservice@law360.com)

---

## 5 Times To Consider Filing For Design Patents

By **Erin Coe**

Law360, San Diego (October 20, 2015, 5:02 PM ET) -- Design patents are gaining in popularity to protect the way products look, but this type of intellectual property can be underutilized by companies that fear it will be too difficult to prove infringement.

The design patent has long lived in the shadow of its trendier sibling, the utility patent, which protects processes and the way products operate. However, design patents are often quicker and cheaper to obtain than utility patents, typically costing thousands of dollars less to prosecute, taking a year or so to be granted versus three to five years, and accruing no maintenance fees once granted.

The number of design patent applications and grants have steadily risen over the last several decades, with 15,774 applications and 11,095 grants in 1994; 23,975 applications and 15,695 grants in 2004; and 35,378 applications and 23,657 grants in 2014, according to U.S. Patent and Trademark Office statistics.

While design patents aren't even close to catching up to utility patents, which accounted for 578,802 applications and 300,678 grants in 2014, and some companies still view design patents as being too narrow in scope to enforce in infringement litigation, the patent statute gives design patent holders a heavy hammer when it comes to damages — entitling them to collect an infringer's total profits on sales of articles bearing the infringing design.

This advantage to design patents garnered much attention in May when the Federal Circuit **ruled** that Samsung Electronics Co. Ltd.'s smartphones infringed Apple Inc. design patents and that Apple was entitled to Samsung's entire profits from the infringing products. The appeals court also upheld the jury's finding that Samsung infringed Apple's utility patents, but simultaneously found that Apple's trade dress covering the look of the iPhone was not protectable, reducing the jury's award of \$930 million to \$548 million. Samsung has vowed to appeal.

"There is a perception that these design patent protection regimes actually do provide some value," said Mark D. Janis, director of the Center for Intellectual Property Research at the Indiana University Maurer School of Law. "In the U.S., there is a realization that courts are pretty skeptical about product design and have made it hard to sustain trade dress claims, so people are looking at other avenues for protection."

Here, experts explain when companies should consider filing for design patents and how to get the most out of them:

### **When the Product's Features Drive Commercial Success**

Design patents are "go to" IP rights for protecting innovative designs for consumer

products, but they also safeguard important commercial advantages for other product categories as well, including medical instruments and industrial equipment, according to Joshua Cohen, who chairs RatnerPrestia's design rights group.

"Design patent protection should therefore be considered whenever product and packaging design innovations provide a strong differentiator, giving consumers a reason to select your product over your competitors'," he said.

Anytime a product is consumer-facing, a design patent should be considered at the outset, according to Richard Stockton, a shareholder at Banner & Witcoff Ltd.

"If the aesthetics of the product are important to consumers' buying decisions, that's important to protect," he said. "Consumers often buy products based on how they look — not just three-dimensional objects like cars, shoes, bottles and purses, but also two-dimensional objects like graphically designed icons. These icons can be distinctive and lure people to the software underneath."

The drawback to design patents is that the scope of protection is likely to be confined closely to what is shown in the design patent drawings, making it relatively easy for competitors to make changes to the appearance of an allegedly infringing product to avoid liability, according to experts.

"It's important to have multiple design patent applications directed at different scopes," Stockton said. "Maybe a portion of a glass where the ribbing is noticeable is what you want to protect or maybe another application claims more subject matter that captures additional elements of the glass' aesthetics. It's difficult to predict what an infringer is going to do. If you have multiple scopes, you will have multiple tools in your toolbox to put your best patents against the infringer."

Companies should focus on patenting an overview of the exact product design while also considering whether additional patents should be obtained to protect against variations of the product that use the most salient features, according to Kyle Vos Strache, a member of Cozen O'Connor PC.

"That's where value can be expanded and gives you a larger space in the market around your product," he said. "It blocks a competitor from copying major features, not just the exact product."

### **When Rapid IP Protection Is Needed**

Companies don't always have the luxury of time to wait until the design of a product becomes recognized as a brand by consumers, which is what is required for trade dress protection, making design patents a key pathway to pursue, according to Janis.

"With trade dress protection, you have to show secondary meaning and consumer association and that takes time to build up if you have a new design, so it's very helpful to have another option," he said. "When clients come up with a new design, a lot of lawyers are saying, 'Let's file a design patent application and at the same time start using the product in the marketplace to build up consumer association.' In the meantime, the design patent will issue and their clients will have some protection."

To get the most out of a design patent, it is important for companies to consider it as part of a holistic strategy that may employ various IP rights, according to Cohen.

A product can enjoy utility patent or trade secret protection for its functional attributes, while nonfunctional ornamentation embodied in the same product is the purview of design patents, and trademark and trade dress protections are reserved for those nonfunctional

features that can link a product to its source in the minds of consumers, he said. Companies might want to first look at taking advantage of a design patent's 15-year term and then parlaying those rights into trade dress and trademark protection.

"Trade dress protection for product configurations — which can be considered the holy grail of IP protections — can provide long-lasting and powerful protection and reinforce the emotional bond between consumers and the products they love," Cohen said. "Design patents help to secure such protection."

Long before Apple, Coca-Cola Co. had recognized the importance of design patents to protect ornamental designs. For its iconic bottle design, it obtained a design patent in 1915 for an early bottle design and another one later on for its "hobble skirt" contour bottle.

"These design patent protections helped secure exclusivity for Coke's bottle design, and the 'baton' of protection was then passed to powerful trade dress rights still enjoyed today," Cohen said.

### **When the Goal Is to Deter Knockoffs**

If companies are looking for a reliable form of protection against knockoffs, design patents are a good option, according to Janis.

"It's helpful to send a letter saying you have an issued design patent as opposed to unregistered trade dress ... and the damages provision for design patents is generous to patent holders," he said. "Lawyers find it's pretty nice to say in a letter: 'You are knocking off my client's design patent. Here's the patent. And if you don't stop, I'll sue you and collect every dime you've made.'"

When articles are easily copied, a design patent is also useful for showing customs agents what potentially infringing products to look out for, according to Kerith Kanaber, a partner at Dorsey & Whitney LLP.

"It's easier for customs officials to see a knockoff coming through the borders if they have a picture," she said.

A design patent generally comprises a set of drawings of the product illustrating the novel aspect or aspects of its appearance, and infringing designs are limited to those that appear substantially the same as the design illustrated in the patent drawings, as viewed by an ordinary observer, according to Nathan Witzany, a shareholder at Winthrop & Weinstine PA.

"In this regard, a design patent can be very powerful against identical knockoffs," he said.

However, the enforceability of a design patent drops significantly where the look of an allegedly infringing product departs substantially from the drawings in the design patent, he said.

Companies should make sure that as they head into prosecution of a design patent application, they are starting off with accurate drawings of the product, according to Kanaber.

"That's what defines your coverage," she said. "If you are not showing the most important aspects of your design, you miss out on protecting your product in the best way possible. ... It's important to have the draftsman [who creates the drawings] show all the views of your design and focus on what's unique."

### **When Products Have Complex Aspects and Attractive Designs**

If companies have products that contain complicated technology as well as an aesthetically appealing design, they may want to take a page from Apple's smartphone litigation playbook.

Apple's ability to assert infringement of patents covering the designs of its smartphones against Samsung's products may have helped it make a credible case for infringement of its software utility patents, according to Janis.

"Apple came into the case where it had to explain to a jury why the software patents were infringed, which was bound to be complex, but it also was able to claim that Samsung seemed to have copied its exact designs, which made for a much cleaner argument," he said. "My supposition is that if a jury is convinced that a defendant has copied the appearance of a product, it may be easier for the jury to be convinced that the defendant also copied the technology inside the product."

Asserting both design and utility patents in an infringement case can create a "double hurdle" for defendants to overcome, and the more generous damages provision for design patents can give plaintiffs greater leverage in settlement negotiations, according to Vos Strache.

"There is an opportunity for plaintiffs with design and utility patents to seek much higher damages, which may open the door for an earlier settlement," he said.

Companies should look for ways to use their design patents together with other IP rights.

"A strategic combination of utility and design patents can create robust protection for a company's products and more options for enforcing its intellectual property rights against others," said Brent Dougal, a partner at Knobbe Martens Olson & Bear LLP.

### **When Product Activities Extend Beyond the U.S.**

If U.S. companies are manufacturing or selling their products outside the country or they are thinking of partnering with an entity abroad, design patents can serve as a useful and cost-effective tool, according to Kanaber.

Companies may want to consider how they can diversify their IP portfolio, such as obtaining broader coverage of ornamental aspects of their products through design patents while focusing coverage of the functional aspects through utility patents in a limited number of jurisdictions, she said.

"If you have a U.S. design patent, that would help with imported products, but if you are selling products in Europe and manufacturing them in China, it can be helpful to have design patent coverage in those countries," she said. "If you have features that can be protected with a design patent, that will be cheaper to obtain in multiple places than a utility patent."

In May, the U.S. **joined the Hague Agreement**, an international system that makes it easier to seek design patent protection in many countries at once.

The agreement could provide a good solution for certain types of companies, such as those with a very basic design concept in need of protection and those seeking protection in the countries that are members of the agreement, like the European Union, Japan and Singapore, according to Stockton.

"The Hague Agreement allows for companies to file one design patent application and designate many different countries based on the application," he said. "It's the type of



agreement that still needs more work, but eventually it could be a cost-effective solution for design protection.”

--Editing by John Quinn and Emily Kokoll.

---

All Content © 2003-2015, Portfolio Media, Inc.



**“Wave of USPTO Alice Rejections  
Has Cos. Tweaking Strategies”**

**Brian J. Emfinger**

***Law360***

***November 2, 2015***



---

Portfolio Media, Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | [www.law360.com](http://www.law360.com)  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | [customerservice@law360.com](mailto:customerservice@law360.com)

---

## Wave Of USPTO Alice Rejections Has Cos. Tweaking Strategies

By **Ryan Davis**

Law360, New York (November 2, 2015, 1:36 PM ET) -- The U.S. Patent and Trademark Office has been rejecting patent applications for computer-related inventions at a high rate following the U.S. Supreme Court's Alice ruling, but attorneys say most companies are not giving up on seeking such patents and are revamping their filing strategies to give applications a better shot.

In recent months, USPTO patent examiners who handle applications in the area of e-commerce have been rejecting more than 90 percent of applications under Alice, according to statistics in a recent Law360 **guest column** by Robert Sachs of Fenwick & West LLP. The high court's 2014 ruling held that abstract ideas implemented using a computer cannot be patented under Section 101 of the Patent Act.

Rejection rates are not as high in other technology areas, but Section 101 is still a major concern for applicants seeking patents on computer-related inventions. Those inventors and their attorneys now place a much greater emphasis on writing applications that highlight the technological aspects of the invention to stress that it is more than an abstract idea, experts say.

The intense scrutiny of patent eligibility at the USPTO shows that "Alice really changed the game and set the bar and the standard much higher," said Brian Emfinger of Banner & Witcoff Ltd., who noted that clients have "definitely taken notice of the statistics."

"It's not necessarily discouraging applicants from filing applications, but it changes what the focus is," he said.

The Supreme Court ruled that Alice Corp.'s claimed method of managing risk in financial trading using a computer was not patent-eligible, but the opinion suggested that inventions that improve the functioning of a computer or improve other technology would be patent-eligible.

That has led applicants to write patent applications to stress the ways the invention improves computer functionality and minimize any business method aspects, in order to limit the chances of being rejected. As a result, patent applications often now require more details and more work on the part of companies and attorneys and result in narrower claims.

"Applicants are really trying to bring forward the technical aspects of the invention," said Bart Eppenauer of Shook Hardy & Bacon LLP. "By putting those technical aspects right in the claims, you have something to draw on if and when a 101 rejection comes through."

It has become clear from the statistics that applications for patents on ways of performing business methods more efficiently using a computer face a difficult or nearly impossible path at the USPTO. If there's no other way to frame the invention, clients may have to rethink seeking a patent, attorneys say.

"You've got to be honest with them," said Sunjeev Sikand of RatnerPrestia. "The law can change, but the numbers are what they are. They've got to make a business decision about whether it makes sense to spend money on an application."

The business value of developing a patent portfolio is great enough that most companies are willing to stay the course despite the obstacles posed by the Alice decision, attorneys say.

"What we're seeing in general is that clients are continuing to press forward with patent prosecution. They have not given up when claims are rejected under Section 101," said Christopher Hall, a patent agent at Womble Carlyle Sandridge & Rice LLP.

### **Location, Location, Location**

One crucial factor in whether an application is rejected under Alice at the USPTO appears to be the technology center within the patent office to which it is assigned. There are nine different centers that review applications, each dedicated to a different technology area, and one in particular, Technology Center 3600, has become notorious for rejecting applications at a very high rate.

As a result, part of the strategy for applicants has become crafting applications in a way aimed at steering them away from Technology Center 3600, which handles e-commerce applications, among other technologies, and has rejected patents under Section 101 at a rate of around 30 percent in recent months, according to Sachs' statistics.

Technology centers are divided into art units dedicated to specific types of inventions, and the art units dealing with e-commerce inventions appear to be issuing the highest numbers of Section 101 rejections. In areas like finance and banking, incentive programs, business process and e-shopping, rejection rates have been over 90 percent, which is "abysmal," Emfinger said.

"The question is not so much do we want to continue pursuing patents for these technologies, the question is, how do we get into the better art units?" he said. "That's the million-dollar question."

Apart from the high rate of 101 rejections in Technology Center 3600, the rate has been lower in USPTO Technology Centers that deal with related technologies. Technology Center 2100, which handles computer architecture and software and Technology Center 2400, which handles computer networks and security, have had 101 rejection rates of around 15 percent in recent months.

Sikand said applications assigned to those technology centers often look similar to those assigned to Technology Center 3600, and stand a better chance just by virtue of where they end up.

The USPTO assigns patent applications to technology centers, but by writing narrower claims and highlighting the technological aspects of the claimed invention, applicants can seek to steer patents away from Technology Center 3600, attorneys say. Simply getting the applications assigned to a different center can give them a better chance of avoiding rejection, and focusing on technology can also help.

"If you do it right, hopefully it will get into a tech center in the 2000s and it may not face a

101 rejection at all," Sikand said.

The high rate of Section 101 rejections in Technology Center 3600 appears to be the result of intense scrutiny at the patent office for such inventions, since patents that have been rendered invalid in high-profile cases like Alice would have originated there, fueling a public perception that the office issues too many "bad patents."

"Unfortunately, the patent office is really on guard about letting something through the floodgates that might embarrass them," Sikand said.

### **Keeping the Faith**

In addition to focusing on technological improvements in the claimed invention, applicants have also been highlighting evidence that they say shows the invention is novel and nonobvious, Hall said.

Although those factors are covered by sections 102 and 103 of the Patent Act, courts have suggested in Alice and other decisions that an "inventive concept" is necessary to transform an abstract idea into a patent-eligible invention under Section 101.

If applicants can show that the invention is not obvious or anticipated, "that can be a strong argument that the claim is not directed solely to an abstract idea," Hall said.

While there are strategies for overcoming a 101 rejection, the USPTO's aggressive application of the Alice ruling has been frustrating for many applicants. Applicants will often dedicate many pages to explaining why an application should not be rejected under 101, only to have the examiner respond with only a few sentences saying that the claimed invention is nothing more than an abstract idea, Sachs said.

"It's frustrating. You can raise all sorts of things and they don't respond. You have nothing to counter because they just said no. It's a blanket denial," he said.

His research found more than 3,600 applications that have been abandoned in the last six months for not responding to a rejection, which he said he attributes to people being at a loss for how to respond when examiners provide so little to go on.

"People are throwing up their hands, and my argument is that this hurts small players more than big ones," he said.

If a small company has only a handful of patent applications, abandoning one or two can be much more of a problem than it would be for a company with hundreds of applications that can afford to abandon some of them.

"Small companies just file fewer patent applications, so if you get caught in a big 101 fight, the impact on the portfolio is more dramatic," Eppenauer said.

As the fallout from Alice continues, all eyes will be on the Federal Circuit, which will soon hear many appeals of district court decisions invalidating patents under the ruling, and reversals of those rulings could potentially expand the parameters of what is patent-eligible.

"Part of the strategy is buying time. You put in a richly detailed specification for the filing and wait and see what happens with the law," he said. "If you bide your time, maybe things will change," Knepper said.

Attorneys will latch onto any decision that a patent was wrongly invalidated under Alice, which could indicate that the patent law pendulum is swinging back towards patent greater

patent protection.

"I'd advocate perseverance. People should not throw up their hands and say it's not worth it. That would be a mistake over the long term," Eppenauer said.

--Editing by John Quinn and Rebecca Flanagan.

---

All Content © 2003-2015, Portfolio Media, Inc.



**“Patent Cases to Watch in 2016”**

**John P. Iwanicki**

***Law360***

***December 24, 2015***



---

Portfolio Media, Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | [www.law360.com](http://www.law360.com)  
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | [customerservice@law360.com](mailto:customerservice@law360.com)

---

## Patent Cases To Watch In 2016

By **Ryan Davis**

Law360, New York (December 24, 2015, 8:37 PM ET) -- The courts are set to hear cases next year that could clear the way for bigger damages in patent cases, provide guidance on patent-eligibility following recent U.S. Supreme Court rulings, and result in more findings of patent exhaustion. Here are some of the cases patent attorneys will be watching in 2016.

### **Halo Electronics Inc. v. Pulse Electronics Inc. and Stryker Corp. v. Zimmer Inc.**

The U.S. Supreme Court **agreed in October** to review the standard for enhancing damages in patent cases, and if the justices throw out the Federal Circuit's current rules, patent owners could be able collect much bigger damages awards in many cases.

The Patent Act says simply that judges "may increase the damages up to three times the amount found or assessed," but the Federal Circuit has held that enhanced damages are appropriate only when infringement has been found to be willful and set strict rules on what constitutes willfulness.

In separate cases that the high court is hearing together, Halo and Stryker have **urged the high court** to discard the Federal Circuit's rules and give judges broad discretion to award triple damages.

They argued that the Federal Circuit's test for awarding enhanced damages is essentially the same as a test that the appeals court once used for awarding attorneys' fees, which the justices threw out in 2014 in a case known as Octane Fitness.

The Supreme Court has been perceived as being both opposed to rigid tests in patent law and inclined to make patents more difficult to enforce, which makes it difficult to guess how the case might come out, attorneys say.

"Rigid tests don't fare well at the Supreme Court, and there is certainly some merit to the characterization of the test in Seagate as a rigid test," said Steven Auvil of Squire Patton Boggs LLP.

While attorneys' fees can be awarded to either party, a decision relaxing the test for enhanced damages would benefit only patent owners, allowing more of them to seek large damages awards.

"It's pretty difficult to get a finding of willfulness, just like it was difficult to get an exceptional case finding before Octane," said Case Collard of Dorsey & Whitney LLP. "If the willfulness standard is loosened, we'll see a lot more allegations of willfulness."

Halo is represented by Craig E. Countryman, Michael J. Kane, William R. Woodford and



John A. Dragseth of Fish & Richardson PC.

Stryker is represented by Jeffrey Wall, Austin Raynor, Garrard Beeney and Robert Giuffra Jr. of Sullivan & Cromwell LLP and Sharon Hwang, Deborah Laughton and Stephanie Samz of McAndrews Held & Malloy Ltd.

Pulse is represented by Mark L. Hogge, Shailendra K. Maheshwari, Charles R. Bruton and Rajesh C. Noronha of Dentons.

Zimmer is represented by Donald Dunner of Finnegan Henderson Farabow Garrett & Dunner LLP.

The cases are Halo Electronics Inc. v. Pulse Electronics Inc. et al., case number 14-1513, and Stryker Corp. v. Zimmer Inc., case number 14-1520, in the Supreme Court of the United States.

### **Ariosa Diagnostics Inc. v. Sequenom Inc.**

The full Federal Circuit **decided in December** not to review a decision invalidating a patent on Sequenom's prenatal DNA test as patent-ineligible because it is directed to a natural phenomenon. The case is widely expected to be appealed to the Supreme Court, which could let the justices refine their position on the hot-button issue of patent-eligibility.

The case is notable because the Federal Circuit conceded that Sequenom's test is a breakthrough innovation that eliminates risky invasive procedures to determine whether a fetus has genetic defects. Nevertheless, **the panel held** that it cannot be patented under the high court's Mayo and Myriad rulings, which held that inventions involving natural phenomena are not patent-eligible.

Some Federal Circuit judges filed concurring opinions to the denial of en banc review saying they were bound by precedent but felt that those decisions could put undue limits on what is patent-eligible in the life sciences area.

"The court felt that it had to find the patent ineligible, despite the fact that they said it seems like groundbreaking technology," said Michelle Holoubek of Sterne Kessler Goldstein & Fox PLLC. "The path the court is following seems to have to have put an entire industry at risk of not being able to patent its innovations."

The case is also significant because the Federal Circuit held for the first time that additional steps added to a natural phenomenon in a patent must themselves be new, which "makes it very easy for examiners to reject claims for not being statutory subject matter," said John Iwanicki of Banner & Witcoff Ltd.

"I think the Supreme Court may take up this case if it wants to clarify that the test for statutory subject matter is based on the claim as a whole being new and useful, rather than whether the additional steps are new and useful," he said.

Ariosa is represented by David I. Gindler, Andrei Iancu, Sandra Haberny, Lauren Drake and Josh Gordon of Irell & Manella LLP and Amir A. Naini of Russ August & Kabat.

Sequenom is represented by Michael J. Malecek, Peter E. Root and Aton Arbisser of Kaye Scholer LLP.

The case is Ariosa Diagnostics Inc. et al. v. Sequenom Inc., case number 14-1139, in the U.S. Court of Appeals for the Federal Circuit.

## **McRo Inc. v. Bandai Namco Games America Inc.**

A Federal Circuit panel **heard arguments** in December in another case dealing with patent-eligibility, this one in the field of software inventions. Since the Supreme Court held in *Alice* in 2014 that abstract ideas implemented using a computer are not patent-eligible under Section 101 of the Patent Act, scores of software patents have been invalidated, and the *McRo* case could illustrate what other patents are at risk.

"This is a perfect chance for the Federal Circuit to inject some clarity into 101," said Douglas Nemeck of Skadden Arps Slate Meagher & Flom LLP.

A district court judge ruled that *McRo's* patents on lip-sync animation technology are invalid under *Alice* for claiming the abstract idea of using rules to create computer animation. Upholding that ruling would leave many similar software patents open to being invalidated, and a reversal would set guidelines on what types of software is patent-eligible.

"If the Federal Circuit maintains the *McRo* decision that the claims were not eligible, it would be a huge blow to the software patent industry," Holoubek said.

The district judge used the so-called "point of novelty" test to evaluate the patents, which removes from the claim any element that was known the prior art, reducing the claimed invention to a high-level idea.

The Federal Circuit's decision on whether such an analysis is appropriate for analyzing patents under *Alice* could set guidelines applicable in other cases, said Felicia Boyd of Barnes & Thornburg LLP.

"It gives the Federal Circuit the opportunity to show the contours of an appropriate analysis of patent-eligibility post-*Alice*," she said.

*McRo* is represented by Jeffrey Lamken and Michael Pattillo Jr. of MoloLamken LLP, Mark S. Raskin, Robert A. Whitman and John F. Petrusic of Mishcon de Reya New York LLP, and John Whealan, dean for intellectual property law studies at the George Washington University Law School.

Bandai Namco Games America Inc., Sega of America Inc., Electronic Arts Inc., Disney Interactive Studios Inc., Capcom USA Inc., Neversoft Entertainment Inc., Treyarch Corp., Warner Bros. Interactive Entertainment, Lucasarts, Activision Blizzard Inc. and Infinity Ward Inc. are represented by Sonal N. Mehta of Durie Tangri LLP.

Konami Digital Entertainment Inc. and Square Enix Inc. are represented by Wendy Ray and Benjamin J. Fox of Morrison & Foerster LLP.

Obsidian Entertainment Inc. is represented by Thomas Walling and Andrew Tsu of Spach Capaldi & Waggaman LLP.

Naughty Dog Inc., Sony Computer Entertainment America LLC and Sucker Punch Productions LLC are represented by Beth Larigan, B. Trent Webb and John Garretson of Shook Hardy & Bacon LLP.

Codemasters Inc. is represented by Kevin W. Kirsch, Barry Bretschneider and Jared Brandyberry of BakerHostetler.

Valve Corp. is represented by Jan P. Weir, Theodore J. Angelis, David T. McDonald and Joseph J. Mellema of K&L Gates LLP.

The case is *McRo Inc. v. Bandai Namco Games America Inc. et al.*, case number 15-1080, in the U.S. Court of Appeals for the Federal Circuit.

### **Lexmark International Inc. v. Impression Products Inc.**

The en banc Federal Circuit **heard arguments** in October in this case to review a rule that overseas sales of a product don't exhaust a patent owner's right to sue in the U.S., and a decision tossing that rule could create new hurdles to patent enforcement.

The Federal Circuit has held since 2001 that only U.S. sales trigger patent exhaustion, but the U.S. Supreme Court ruled in a 2013 decision known as *Kirtsaeng* that foreign sales exhaust copyrights. The full Federal Circuit took the Lexmark's patent case against printer cartridge reseller Impression to sort out whether *Kirtsaeng* applies equally to patent law.

Expanding patent exhaustion to include non-U.S. sales would effectively weaken patent rights and cause companies to rethink licensing and litigation strategies based on the idea that foreign sales don't exhaust their rights.

For instance, companies that sell products overseas for prices lower than in the U.S. could end up raising those prices to prevent them from being imported and resold in the U.S., said Michael H. Jacobs of Crowell & Moring LLP.

"It would have a big impact on many different business in many different ways," he said.

The case also addresses the separate question of whether patent owners can impose restrictions on the use of patented items after they are sold in order to keep the sale from triggering patent exhaustion. The final resolution of the case may not come in 2016, however, since any decision by the en banc court is likely to be appealed to the Supreme Court, Jacobs noted.

Lexmark is represented by Constantine L. Trela Jr., Robert N. Hochman, Benjamin Beaton and Joshua J. Fougere of Sidley Austin LLP, Timothy C. Meece, V. Bryan Medlock, Jason S. Shull and Audra C. Eidem Heinze of Banner & Witcoff Ltd. and Steven B. Loy of Stoll Keenon Ogden PLLC.

Impression is represented by Edward F. O'Connor and Jennifer H. Hamilton of Avyno Law PC.

The case is *Lexmark International, Inc. v. Impression Products Inc.*, case number 14-1619, in the U.S. Court of Appeals for the Federal Circuit.

### **Carnegie Mellon University v. Marvell Technology Group Ltd.**

In August, the **Federal Circuit slashed** a record \$1.54 billion patent infringement judgment won by Carnegie Mellon against Marvell to \$278 million. However, it ordered a retrial to address whether some of Marvell's products were subject to patent U.S. patent law, and the case could reshape the operations of many companies.

The case turns on the complex question of exactly what constitutes a sale of a product in the U.S., making it subject to American law. The Federal Circuit suggested that some of the Marvell semiconductor chips for which it vacated damages may have actually been sold in the U.S., even though they were made and delivered overseas, since they were custom-designed in California. It ordered the district court to resolve the issue on remand.

Benjamin Horton of Marshall Gerstein & Borun LLP said he will be watching to see how the district court answers the question of what constitutes a U.S. sale, and the inevitable further appeals. If products made and shipped overseas can be subject to U.S. patent law

because they were designed here, chipmakers and other companies could stop doing design work in the U.S., he said.

"If industry is told that doing any design work here could make you susceptible to patent infringement, maybe we'll see changes in how companies structure themselves," he said. "It could drive good-paying, highly skilled jobs outside of the country."

### **New Pleading Standards Fallout**

On Dec. 1, **new pleading standards** for patent cases took effect, eliminating a rule that allowed plaintiffs to rely on a bare-bones model complaint for patent suits and requiring complaints to demonstrate that the claims are plausible. Attorneys expect numerous decisions in the coming year as judges sort out exactly what that means.

Motions to dismiss patent suits had been rare, since the model complaint made clear what suits had to include. There will likely soon be a spike in such motions, as defendants argue that patent complaints don't comply with the new rules, and the resulting decisions by judges will start to shed light on what constitutes a plausible patent complaint.

The impact of the new standards is "just gigantic," since it is now an open question about what qualifies as an adequate pleading, said Gregory Leighton of Neal Gerber & Eisenberg LLP, who said he worries resolving that question will take a lot of time and money and litigation that will make litigation less efficient.

No one really knows what the standard is, so "now we'll see most defendants say, 'We'll take a stab at saying they haven't pled their case,'" he said.

--Editing by Katherine Rautenberg and Rebecca Flanagan.

---

All Content © 2003-2016, Portfolio Media, Inc.



**“The Calm After the U.S. Patent  
Litigation Storm”**

**Saranya Raghavan**

***Managing Intellectual Property***

***December 16, 2015***

Region: |

Welcome: guest

[Login](#)

[Register](#)

[Subscribe](#)

# Managing Intellectual Property

The Global IP Resource

## THE CALM AFTER THE US PATENT LITIGATION STORM

16 December 2015 | [Michael Loney](#)



**Patent litigation has been slow so far in December after a rush to file at the end of November. This means 2015's will fall short of the record 2013 year. Filers this month have also had to take the new pleading rules into account in their complaints**

In the first 15 days of December only 131 US patent cases were filed in US district courts. This compares with the whopping 260 cases filed on November 30 alone, and the 846 cases filed in the whole of November.

The slow December figures at the halfway stage of the month put the month on course for about 260 cases. This compares with the average monthly filing figure of 417 cases in 2014 and 508 in 2013. This year up to the end of November was running at 458 cases a month.

As of yesterday, 5628 district court cases had been filed so far in 2015, which means the year is already ahead of 2014's 5006 cases filed.

Patent cases filed in US district courts				
	2013	2014	2015	
January	486	330	445	
February	547	448	491	
March	404	500	507	
April	605	680	390	
May	503	387	608	
June	485	414	654	
July	476	419	478	
August	521	395	309	
September	552	320	327	
October	515	340	443	
November	578	334	845	
December	422	439	131*	
<b>Total for year</b>	<b>6,094</b>	<b>5,006</b>	<b>5,628</b>	
*as of December 15 2015				

Last year started off at a brisk pace Source: Docket Navigator but fell away in the second half after the Supreme Court's *Alice v CLS* decision came out in June.

The year will end behind the record 2013 year, however, when 6,094 patent cases were filed.

The rush of cases filed in November was the result of companies looking to file ahead of amendments to the Federal Rules of Civil Procedure that became effective on December 1. This is, of course, also the reason that filing in December has been slow, with many companies likely taking the view that any complaints planned for December should be fast-tracked to beat the new rules being implemented.

The amendments included removing the ability to file a bare-bones complaint consisting of merely the patent tile, patent number and an allegation of infringement. They also introduced the concept of proportionality into discovery.

As I noted in [my analysis of the long-term effects of the new rules](#) (available to subscribers

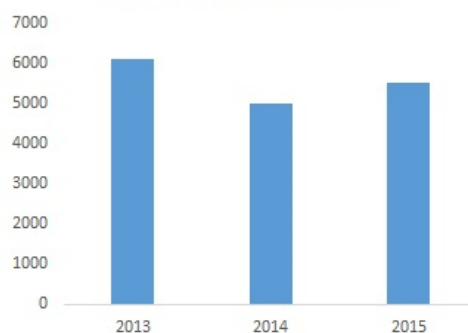
and triallists to Managing IP), it is unclear what exactly will need to be

alleged in complaints now. Saranya Raghavan of Banner & Witcoff recently noted that "it is unclear whether it is sufficient for plaintiffs to identify at least one claim that is infringed, whether plaintiffs must identify exactly which claims are infringed, or whether plaintiffs need to provide an element-by-element infringement analysis short of claim charts provided as part of infringement contentions".

Another uncertainty is whether the new rules could be applied retroactively to require plaintiffs filing complainTS before December 1 to amend them to include more detail.

In the first few days of the amendments being in force, it seems some filers were not up to speed:

Patent cases filed in US district courts, as of Dec 15 2015



**Michael Loney**  
@mdloney

2 Dec

After more than 250 US patent cases filed Nov 30, Dec - unsurprisingly - off to slow start. Docket Navigator lists just 2 cas yesterday



**IPHawk**

Follow



**“Patent Damages at Issue as U.S.  
High Court Accepts Stryker Case”**

**Bradley C. Wright**

***Washington Post***

***October 19, 2015***



# BUSINESS

In the News | [Trey Gowdy](#) | [Donald Trump](#) | [Jeb Bush](#) | [Eddie Murphy](#) | [Helicopter parenting](#)

## Patent Damages at Issue as U.S. High Court Accepts Stryker Case

Susan Decker and Greg Stohr Oct 19, 2015 11:39 am ET

(Bloomberg) -- The U.S. Supreme Court will use cases involving surgical tools and electronic components to determine when a patent owner can collect increased damages after winning an infringement verdict.

Stryker Corp. is seeking to triple the \$70 million a jury said Zimmer Biomet Holdings Inc. should pay for using inventions that let surgical devices clean bones without paying. In a second case, Halo Electronics Inc. is seeking to increase the \$1.5 million in damages it was awarded from larger rival Pulse Electronics Inc. The court agreed Monday to hear both cases together.

The justices will look at an appeals court's rulings that have made it more difficult to get enhanced damages, even if a jury finds that the infringer knew of the patent and used the invention anyway. Companies can say they had a reasonable belief the patent was invalid or not infringed to escape the penalty for "willful infringement."

The effect is "immunizing infringers from enhanced damages so long as they present at least one plausible defense," Stryker said in its petition with the high court.

Stryker and Halo, in separate petitions, argued the standard set by the U.S. Court of Appeals for the Federal Circuit, which handles patent cases, is too rigid.

The near-elimination of higher damage awards is part of a string of cases that have reduced the amount that patent owners can collect at trial. The difficulty for the courts has been in finding a balance between deterring abusive lawsuits by patent owners out for a quick buck and ensuring competitors' disputes are resolved fairly.

'Rigid Rules'

The justices likely took the case because they "view this as another example of the Federal Circuit imposing rigid bright-line rules as a predicate for reaching a legal conclusion," said Brad Wright, a patent lawyer with Banner & Witcoff in Washington.

In the Stryker case, the trial judge tripled the jury award "given the one-sidedness of the case and the flagrancy and scope of Zimmer's infringement" of a pulsed lavage, a technique that removes damaged tissue and cleans bones during joint-replacement surgery.

Stryker had developed a portable lavage device that would replace Zimmer's bulky machines, and Zimmer responded by hiring someone to "make one for us." After additional costs were added, the final judgment in the case was \$228 million.

The Federal Circuit upheld the infringement verdict but threw out the increased damage award, saying that Zimmer had presented "reasonable defenses" to Stryker's claims.

In the Halo case, the trial judge threw out the jury's finding of willfulness on the same legal grounds. The Federal Circuit upheld that decision.

The Halo dispute involves a component called a surface mount transformer that's attached to a circuit board. The companies compete to supply the transformers to Cisco Systems Inc. for use in Internet routers.

The cases are Stryker Corp. v. Zimmer Inc. 14-1520 and Halo Electronics Inc. v. Pulse Electronics Inc., 14-1513, both U.S. Supreme Court.

The Washington Post

SUBSCRIBE

PostTV | Politics | Opinions | Local | Sports | National | World | Business | Tech | Lifestyle | Entertainment | Jobs

### More ways to get us

- Home delivery: Washington Post, Live, Reprints & Permissions, Post Store, Photo Store, e-Replica
- Digital Subscription: RSS, Facebook, Twitter
- Mobile & Apps
- Newsletters & Alerts
- Gift Subscriptions

### Contact Us

- Help & Contact Info
- Reader Representative
- Digital Advertising
- Newspaper Advertising
- News Service & Syndicate

### About Us

- In the community
- Careers
- PostPoints
- Newspaper in Education
- Digital Publishing Guidelines

### Partners

- WP BrandConnect
- Capitol Deal
- Fashion Washington
- El Tiempo Latino
- WP BrandConnect
- Express
- Find&Save
- Quartz/Wiggle
- Flaregate



**“U.S. State of Georgia Sues Activist  
for Republishing Annotated Laws”**

**Ross A. Dannenberg**

***World Intellectual Property Review***

***July 27, 2015***

## US state of Georgia sues activist for re-publishing annotated laws

27-07-2015



Jiri Flogel / Shutterstock.com (The US State of Georgia flag pictured)

The US state of Georgia has sued a political activist for copyright infringement after he allegedly uploaded and distributed copies of its annotated laws online.

In a lawsuit filed last Tuesday, July 21, at the US District Court for the Northern District of Georgia, the state claimed that copies of the Official Code of Georgia Annotated (OGCA) uploaded by Carl Malamud infringe its copyright.

The OGCA is the compendium of all laws in the US state of Georgia. The state, which owns the copyright to all the works, has a deal with publisher LexisNexis to produce them. LexisNexis has not been named as a co-plaintiff in the lawsuit.

Although Georgia's legal code is available to the public, the state charges for the OGCA.

In 2013, Malamud allegedly started producing and distributing his own copies of the OGCA, both online and through USB pens, which he sent to various institutions.

Malamud scanned the works and made copies available on the websites [publicresource.org](http://publicresource.org), [law.resource.org](http://law.resource.org) and [bulk.resource.org](http://bulk.resource.org), according to the complaint.

He has previously attracted support for his actions. A crowdfunding campaign set up in 2014 raised just over \$3,000—the amount Malamud said was necessary to finance the project.

Malamud has also raised money for similar campaigns in other states including Washington, DC, Idaho and Mississippi.

In January 2014, Malamud [spoke](#) at a US House of Representatives' Judiciary Committee hearing, where he argued that Congress should amend copyright law to state that “edicts of government have no copyright because such court opinions, statutes, regulations, and other pronouncements of general applicability belong to the people”.

In its complaint, the state of Georgia argued that Malamud profits from his scheme through the website [yeswescan.org](http://yeswescan.org), which asks for donations from supporters, as well as through the crowdfunding campaign.

“Defendant is employing a deliberate strategy of copying and posting large document archives such as the OGCA in order to force the state of Georgia to provide the OGCA in an electronic format acceptable to defendant. Malamud has indicated that this type of strategy has been a successful form of ‘terrorism’ that he has employed in the past to force government entities to publish documents on Malamud’s terms,” the complaint said.

It added: “Consistent with its strategy of terrorism, defendant freely admits to the copying and distribution of massive numbers of plaintiff’s copyrighted annotations.”

Malamud told *WIPR*: “As copyright is asserted by the state for the OGCA and because it is the only official and definitive statement in the codified statutes of the state, we believe that the OGCA falls under longstanding public policy in the US that the law has no copyright.”

Ross Dannenberg, shareholder at law firm Banner & Witcoff, said that "laws, including annotated versions, must be available to be widely disseminated".

But he said there is an important distinction between "state" and "private publishers" whereby if the state provides annotations they should be in the public domain, but if private parties do then the works should be protected under US copyright law.

Anthony Askew, partner at law firm Meunier Carlin & Curfman and representing the state of Georgia, had not responded to a request for comment at the time of publication but we will update the story should he get in touch.



**“USPTO Calls for Feedback on PTAB  
Judge Pilot Programme”**

**Michael S. CuvIELLO**

***World Intellectual Property Review***

***August 27, 2015***

## USPTO calls for feedback on PTAB judge pilot programme

27-08-2015



The US Patent and Trademark Office (USPTO) is considering changing the way judges rule on *inter partes* review petitions (IPR) filed at the Patent Trial and Appeal Board (PTAB).

In a [consultation](#) launched on August 25, the USPTO said IPRs could be instituted by a single judge with an additional two judges then drafted in to determine the validity of the targeted patent.

Under the current procedure, three administrative patent judges (APJs) decide whether to institute an IPR. The same judges then determine the validity of the patent in the trial phase.



The USPTO is requesting that interested parties submit their views on the proposed scheme by October 26.

In a statement introducing its proposal, the USPTO said: “The USPTO is considering a pilot programme under which the determination of whether to institute an IPR will be made by a single APJ, with two additional APJs being assigned to the IPR if a trial is instituted”.

“Under the pilot programme, any IPR trial will be conducted by a panel of three APJs, two of whom were not involved in the determination to institute the IPR,” it added.

Since the PTAB, which hears IPR petitions, was created in 2012, 1,777 IPRs have been filed, of which 827 were instituted.

Once an IPR reaches a final written decision, in only 16% of cases have all patent claims survived, the USPTO said.

Michael CuvIELlo, attorney at law firm Banner & Witcoff, said the programme “may be in response to a perception of bias in which the three-judge panel issuing a final written decision cancelling claims are potentially biased by their earlier decision to institute the trial, without fully considering all of the trial evidence and arguments”.

He added: “The proposed programme raises an interesting situation if the trial is not instituted. However, the proposal does not address the situation when there is a decision not to institute a trial. Such a decision would ultimately rest with a single judge, which could raise arguments of perceived unfairness to the petitioner.”



The latest consultation follows shortly after the USPTO [proposed](#) a number of other changes to the way the PTAB conducts IPRs.

Among the key proposals is to allow a patent owner to introduce expert evidence supporting the validity of a patent before the PTAB institutes an IPR.

The draft proposals, published on August 19, also said that the PTAB [will not apply](#) the broadest reasonable interpretation (BRI) standard when constructing the claims of a patent that is due to expire during trial proceedings.

In such cases, the PTAB will apply the 'Phillips standard', which is usually applied by district courts when interpreting patent claims. The standard is a much narrower interpretation of claims than the BRI.

# **About the Authors**



## KATIE L. BECKER

Attorney

Katie Becker enjoys practicing in many areas of intellectual property law. Katie currently concentrates on patent litigation, prosecution and counseling in chemical matters, in addition to litigation and counseling in trademark and trade dress matters. She has wide range of litigation experience, representing smaller companies as well as Fortune 500 companies in patent, trademark and trade dress disputes relating to a variety of technologies and products. Katie also represents clients in *inter partes* review and other post-issuance proceedings before the Patent Trial and Appeal Board. She is part of a team representing one of the world's largest food and beverage companies.

Katie was awarded her J.D. degree and a certificate in intellectual property law from Chicago-Kent College of Law. There, she was an associate editor for the Chicago-Kent Journal of Intellectual Property. She was involved as well with the Intellectual Property Law Society, the Chicago Bar Association, the American Bar Association, and the Institute of Food Technologists.

During her time at Chicago-Kent, Katie was a law clerk at PepsiCo, Inc., assisting in-house counsel on intellectual property-related matters. Additionally, she participated in the Chicago-Kent IP-Patent Clinic and received a grant from the Department of Energy for her research on the effects of incidence and impacts of nanotechnology patents.

Katie earned a Bachelor's of Science degree in Food Science and a certificate in business at the University of Wisconsin-Madison. As an undergraduate, Katie performed research in food bacteriology. She evaluated the capabilities of bacteria contamination testing methodologies. The results of her research were published in the *Journal of Food Protection and the Journal of Food Safety*.

In 2014 and 2015, Katie was named an Illinois Super Lawyers' Rising Star in intellectual property. The Super Lawyers lists represent the top 5 percent of attorneys in each state. She also serves as a an Adjunct Professor at Northwestern University College of Law teaching a course in Patent Office Trials.

### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
kbecker@bannerwitcoff.com

### Education

B.S. 2003, University of Wisconsin  
J.D. 2007, Chicago - Kent College of  
Law

### Bar Admissions

2007, Illinois

### Court Admissions

Supreme Court of Illinois  
U.S. Circuit Court of Appeals for the  
Federal Circuit  
U.S. District Court for the Northern  
District of Illinois  
U.S. District Court for the Eastern  
District of Wisconsin  
U.S. Patent and Trademark Office

### Practice Areas

Counseling, Opinions & Licensing  
Design Patents  
Litigation  
Patent Post-Issuance Proceedings  
Patent Prosecution  
Trade Dress  
Trademarks

### Industries

Chemistry & Chemical Engineering



## JORDAN N. BODNER

### Attorney

Jordan Bodner has extensive experience in all phases of writing and prosecuting complex patent applications in a variety of technical fields including telecommunications, e-commerce, internet-related technology, semiconductors, signal processing, and electro-mechanical devices. Mr. Bodner also regularly provides counseling regarding patent infringement risks and how to reduce such risks, and has represented clients in patent litigation including actions before the International Trade Commission. He presently works with a spectrum of clients ranging from large corporations to individual inventors.

In his previous career, Mr. Bodner worked as an electrical and systems engineer for IBM, Loral Corporation, and Lockheed-Martin Corporation. He has substantial experience in designing and installing large computer systems and networks for customers such as the United States Air Force.

Mr. Bodner has a Bachelor of Science degree in Electrical Engineering from Washington University, a Master of Science degree in Electrical Engineering from the University of Colorado, and a Juris Doctor from George Mason University.

He is admitted to the bars of the District of Columbia, the Commonwealth of Virginia, and the State of North Carolina. Mr. Bodner is also registered to practice before the U.S. Patent and Trademark Office. He is a member of the American Bar Association as well as the American Intellectual Property Law Association.

Mr. Bodner practices in the Washington, DC office of Banner & Witcoff, Ltd.



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
jbodner@bannerwitcoff.com

### Education

B.S., 1991, Washington University  
M.S., 1996, University of Colorado  
J.D., 1999, George Mason University

### Bar Admissions

2000, Virginia  
2001, District of Columbia  
2007, North Carolina

### Court Admissions

U.S. Patent and Trademark Office

### Practice Areas

Counseling, Opinions & Licensing  
Litigation  
Patent Prosecution

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods



## AARON BOWLING

### Attorney

Aaron Bowling focuses his practice on intellectual property litigation, assisting clients in a variety of industries including biotechnology, sporting goods, and digital music. Aaron provides strategic advice on matters involving utility patents, design patents, trademarks, trade dress, copyrights, and antitrust.

Prior to joining Banner & Witcoff, Aaron served in the Chambers of the Honorable Jimmie V. Reyna at the United States Court of Appeals for the Federal Circuit; which has exclusive jurisdiction over patent-related appeals, and whose decisions are binding precedent throughout the United States. Previously, Aaron worked as an international product owner in the Cellular Therapies and Biosurgery groups of Baxter International, ensuring the safety and efficacy of biotechnological products in compliance with international regulations; and earlier served as a protein engineer at the United States Department of Energy's Argonne National Laboratories.

Aaron earned his Juris Doctor from the George Washington University Law School, where he earned honors as a Thurgood Marshall Scholar and served as an editorial staff member of the American Intellectual Property Law Association (AIPLA) Quarterly Journal. Aaron authored a note in the Summer 2013 Edition of the AIPLA Quarterly Journal entitled "*Just About Equivalent: A Comparative Analysis of the Doctrines of Equivalents in the United States and International Jurisdictions Shows that the Varying Doctrines Are Strikingly Similar*," and also recently contributed as an author in: *Is This License Comparable? Issues Facing Damages Experts When Determining Reasonable Royalties*, published by the University of Texas School of Law, CLE; and *Patent Litigation Strategies Textbook, Third Edition, 2013 Supplement*, published by the American Bar Association.

Aaron earned his Bachelor of Science degree in Molecular and Cellular Biology from the University of Illinois Champaign-Urbana in 2007, and his Master of Science degree in Bioengineering and Biotechnology from Northwestern University in 2008. Aaron is registered to practice before the United States Patent and Trademark Office.

Aaron practices in the Chicago office of Banner & Witcoff, Ltd.



### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
abowling@bannerwitcoff.com

### Education

B.S. 2007, University of Illinois  
M.S. 2008, Northwestern University  
J.D. 2013, George Washington  
University

### Bar Admissions

2013, Illinois

### Court Admissions

U.S. Patent and Trademark Office  
Supreme Court of Illinois  
U.S. District Court for the Northern  
District of Illinois

### Practice Areas

Appellate Litigation  
Copyright  
Design Patents  
Litigation  
Trade Dress  
Trademarks

### Industries

Life Sciences & Pharmaceuticals  
Medical Devices



## JEFFREY CHANG

### Attorney

Jeffrey Chang handles a broad range of intellectual property issues in a wide variety of technical areas, including wireless communications, cable television, mobile communication devices, semiconductors, computer software and security, Internet applications, medical devices, financial services, and household appliances. Mr. Chang is involved in the representation of businesses ranging from small startups to Fortune 500 companies.

During law school, Mr. Chang worked as a full time law clerk with the Firm and as a patent examiner at the U.S. Patent & Trademark Office examining medical device applications. During this time, he gained valuable experience in various matters related to patent prosecution, client counseling, and intellectual property litigation. Prior to law school, Mr. Chang interned at a Fortune 500 medical device company and a Midwest electric power cooperative.

Mr. Chang earned a B.S. in Electrical Engineering, *summa cum laude*, with a minor in statistics from the University of Minnesota. He earned a J.D., with honors, from the George Washington University Law School, where he was a member of the *American Intellectual Property Law Association (AIPLA) Quarterly Journal*. At graduation, Mr. Chang was awarded the American Bar Association/Bureau of National Affairs Award for demonstrating excellence in the study of intellectual property law.

Mr. Chang practices in the Washington, D.C., office of Banner & Witcoff, Ltd.



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
jchang@bannerwitcoff.com

### Education

B.S. 2009, University of Minnesota  
J.D. 2013, George Washington  
University

### Bar Admissions

2013, Virginia  
2014, District of Columbia

### Court Admissions

U.S. Patent and Trademark Office

### Practice Areas

### Industries

Electrical & Computer Technologies



## STEVE S. CHANG

### Attorney

Steve Chang's practice focuses on assisting clients with managing their domestic and foreign utility and design patent portfolios. He works with clients to encourage (e.g., via developing inventor incentive programs), collect and cultivate invention disclosures from busy inventors, to help identify core concepts for patentability, and to guide the preparation and prosecution of the corresponding patents with an eye towards compact prosecution and broad patent scope. In addition to patent prosecution, he is experienced in evaluating the strengths and weaknesses of patents for litigation and/or licensing, and his litigation work includes district court trial and appeals to both the U.S. Court of Appeals and the United States Supreme Court.

Steve has handled utility patents in a wide-range of computer and electrical technologies, including Internet services, video games, content delivery networks, user interfaces, wired (e.g., DOCSIS, MoCA, etc.) and wireless (e.g., cellular, wi-fi) communication systems, and many others.

He has also handled hundreds of design patent applications to help his clients protect the novel ornamental appearances of their physical hardware and software user interfaces. Sample representations include work to protect operating system user interfaces, computing hardware and user input devices used by millions of people today.

Outside of work for clients, Steve is an Adjunct Professor at Georgetown University Law School, teaching their course on IP Pretrial Litigation Skills. Steve has also given speeches and presentations for a variety of organizations, such as the IEEE, ABA, Triangle Game Conference and U.S. Navy OGC, and has authored various articles and book chapters in the intellectual property field.

In his spare time, Steve enjoys entertaining his kids, and organizes a weekly pickup game of Ultimate.

Steve received his Bachelor of Science degree in Electrical Engineering from The Ohio State University in 1995, and has been with Banner & Witcoff since receiving his Juris Doctor from the Temple University School of Law in 1998.

Steve is a member of the District of Columbia Bar, and is admitted to practice before the United States Patent and Trademark Office, the United States Court of Appeals for the Federal Circuit, the U.S. District Court for the District of Maryland, and the United States Supreme Court.

Mr. Chang practices in the Washington, D.C. office of Banner & Witcoff, Ltd.



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
schang@bannerwitcoff.com

### Education

B.S. 1995, Ohio State University  
J.D. 1998, Temple University

### Bar Admissions

1999, District of Columbia

### Court Admissions

U.S. Circuit Court of Appeals for the  
Federal Circuit  
U.S. District Court for the District of  
Maryland  
U.S. Patent and Trademark Office  
U.S. Supreme Court

### Practice Areas

Appellate Litigation  
Copyright  
Jury Trials  
Litigation  
Patent Prosecution

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods



## MICHAEL S. CUVIELLO

### Attorney

Michael CuvIELLO concentrates in patent counseling and the preparation and prosecution of patent applications. He assists a wide range of clients manage and grow their patent portfolios, and he understands the varying challenges and needs of different businesses ranging from small startups to global corporations. Mr. CuvIELLO is also experienced in international prosecution, taking into account the nuances of obtaining patent rights in different jurisdictions.

Having years of experience in a broad spectrum of industries, Mr. CuvIELLO is able to provide effective strategies to secure the broadest protection possible for his client's ideas. His technical areas of expertise include semiconductor devices including digital, analog, power, and RF microcircuits; electromechanical devices; renewable energy technologies; computer software applications with concentrations in user interfaces (UIs), and embedded firmware; Internet technologies; and wireless communications.

Prior to joining the firm, Mr. CuvIELLO spent fifteen years working as an engineer for various government agencies, in the private sector, and in academia. Working with NASA and the Department of Defense on both classified and unclassified programs, he developed a wide range of satellite and Space Shuttle electronics, including pyrotechnic ignition systems, full custom flight computers, multi-chip-module devices, and ASICs. In the private sector, he worked for a small startup company developing custom low-power deep sub-micron microelectronic circuits including custom embedded memories for PDAs and cell phones. In academia, during his graduate career, Mr. CuvIELLO was awarded the Microelectronics Innovation and Computer Research Opportunities (MICRO) Fellowship to support his research into digital and mixed signal ASIC semiconductor technology, advance generation wireless/cellular systems such as CDMA, GSM, and other military spread spectrum systems, re-configurable computing, adaptive signal processing, and image processing. Mr. CuvIELLO further developed syllabus and lecturer material for undergraduate and graduate courses in ASIC design. Mr. CuvIELLO is an active member of the IEEE, where he maintains his connection to the engineering and science communities

Mr. CuvIELLO earned a Bachelor of Science degree in Electrical Engineering from the University of Maryland, College Park, and a Masters of Science degree in Electrical and Computer Engineering from the University of California, San Diego. He earned his Juris Doctor from Georgetown University Law Center.

Mr. CuvIELLO practices in the firm's Washington, D.C. office.



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
mcrivello@bannerwitcoff.com

### Education

B.S., University of Maryland  
M.S., University of California, San Diego  
J.D., Georgetown University

### Bar Admissions

, Maryland  
2015, District of Columbia

### Court Admissions

U.S. Patent and Trademark Office  
U.S. Circuit Court of Appeals for the Federal Circuit

### Practice Areas

Patent Post-Issuance Proceedings

### Industries





## ROSS A. DANNENBERG

### Attorney

Ross Dannenberg handles a wide-range of intellectual property issues, with experience in Internet, video game, telecommunications, and computer software-related issues. With a background in computer science, Ross has prepared and prosecuted hundreds of patent applications in a variety of technical fields, and has been involved in numerous patent, copyright, and trademark enforcement lawsuits. He has considerable experience with intellectual property protection of video games, including patent, trademark and copyright protection, copyright clearance, licensing, and enforcement of intellectual property rights.

Mr. Dannenberg earned his Bachelor of Science degree in Computer Science from the Georgia Institute of Technology in 1994, and earned his private pilot's license in 1999. Between his undergraduate studies and law school, Mr. Dannenberg was an Information Systems Manager for Carnival Cruise Lines, where he was responsible for all facets of computer and network use, training, and administration aboard a cruise ship. He earned his Juris Doctor from The George Washington University Law School in 2000, where he was a member of The Environmental Lawyer legal journal.

Mr. Dannenberg is a founding member of the Video Game Bar Association, and was the founding Chair of the American Bar Association's (ABA) IP Section Committee on Computer Games and Virtual Worlds. Mr. Dannenberg is the Editor-in-Chief of the Patent Arcade website, is the editor and an author of The American Bar Association's Legal Guide to Video Game Production, published by the ABA in 2011, and is an executive editor of Computer Games and Virtual Worlds: A New Frontier in Intellectual Property Law, published by the ABA IP Section in 2010. Mr. Dannenberg is a Lifetime Fellow of the American Bar Foundation, and is an adjunct copyrights professor at George Mason University School of Law.

Mr. Dannenberg was named to Washington D.C. Super Lawyers in 2013 and 2014, and *Managing Intellectual Property's* IP Stars in 2013.

Mr. Dannenberg's representative clients include multinational software, networking, and telecommunications companies, multiple video game companies having user bases of over 20 million users, video game developers and publishers of various sizes, and emerging technology companies.

Mr. Dannenberg practices in the firm's Washington, D.C. office.



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
rdannenberg@bannerwitcoff.com

### Education

B.S. 1994, Georgia Institute of  
Technology  
J.D. 2000, George Washington  
University

### Bar Admissions

2000, Virginia  
2001, District of Columbia

### Court Admissions

Supreme Court of Virginia  
U.S. Circuit Court of Appeals for the  
Federal Circuit  
U.S. Court of Appeals for the Fourth  
Circuit  
U.S. District Court for the Eastern  
District of Virginia  
U.S. Patent and Trademark Office

### Practice Areas

Copyright  
Design Patents  
Litigation  
Patent Prosecution  
Trademarks

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods



## AZUKA C. DIKE

### Attorney

Azuka Dike's practice focuses on a range of intellectual property matters, with an emphasis on patent infringement litigation, patent prosecution, and opinion counseling. Azuka's patent practice involves an expansive range of fields, including computer hardware and software, business methods, design patents, and mechanical devices. He has litigated several high-technology cases, including ones related to insurance products, streaming Internet services, personal-care products, compact electronic ballasts, among others. Furthermore, Azuka has substantial experience in performing several large-scale due diligence projects in anticipation of patent litigation, and has represented clients in critical aspects of litigation, including pre-trial discovery and motion practice. He also has experience litigating trademark infringement, unfair competition, and copyright infringement claims.



Azuka earned his undergraduate degree in Computer Engineering and Finance from Washington University in St. Louis in 2006. He was awarded his J.D. degree from Northwestern University School of Law in 2010. He was an editor for the *Journal of Technology & Intellectual Property*, and authored "Egyptian Goddess v. Swisa: What's the 'Point'?", 8 *Nw. J. Tech. & Intell. Prop.* 116 (2009).

Azuka currently serves as the Vice Chair of the Alternative Dispute Resolution Committee for the Intellectual Property Division of the American Bar Association. He also recently presented at the ABA's Annual IP Law Conference on the topic of Practice and Risk Management for Intellectual Property Lawyers: How to Avoid Becoming a Client.

Azuka's singular goal is to provide high-quality, cost-effective legal services to the firm's clients while maintaining the highest standards of professionalism and ethics.

Azuka practices in the Chicago office of Banner & Witcoff, Ltd.

#### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
adike@bannerwitcoff.com

#### Education

B.S. 2006, Washington University  
J.D. 2010, Northwestern University

#### Bar Admissions

2010, Illinois

#### Court Admissions

U.S. Patent and Trademark Office  
U.S. District Court for the Northern  
District of Illinois  
Supreme Court of Illinois

#### Practice Areas

Counseling, Opinions & Licensing  
Design Patents  
Litigation  
Trademarks

#### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods



## BRIAN EMFINGER

*Attorney*

Brian concentrates his practice on preparing and procuring patents in the computer, mechanical, and electromechanical fields including matters involving computer software, computer networks, image processing wireless devices, automotive control systems, military systems, scientific instruments, navigation devices, audio devices, and hydraulics. Brian also has experience providing legal and technical support during patent enforcement and various phases of patent litigation. Brian works with a diverse base of clients including individual inventors, startups, mid-size emerging growth companies, and Fortune 500 corporations.

Brian earned his B.S. in Computer Science, highest honors, from the Georgia Institute of Technology and his J.D. from the Chicago-Kent School of Law where he served as Executive Articles Editor for the Journal of Intellectual Property. During law school, Brian interned in the legal department at a leading online travel company where he assisted in the preparation of a patent application related to a high-profile travel service. Brian also received the 2008 Dolores K. Hanna Trademark Prize for outstanding performance in an intellectual property course.

Before joining Banner & Witcoff, Brian gained valuable experience as an associate at an IP boutique firm in the Chicagoland area where he focused on patent preparation and procurement. Prior to attending law school, Brian worked as a programmer for a software consulting company in Alpharetta, Georgia where he developed database-driven, customized business applications.

Mr. Emfinger is admitted to practice in the state of Illinois and before the United States Patent and Trademark Office.

Brian practices in the firm's Chicago office.



### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
bemfinger@bannerwitcoff.com

### Education

B.S. 2004, Georgia Institute of  
Technology  
J.D. 2009, Chicago - Kent College of  
Law

### Bar Admissions

2009, Illinois

### Court Admissions

U.S. District Court for the Northern  
District of Illinois  
U.S. Patent and Trademark Office

### Practice Areas

Counseling, Opinions & Licensing  
Design Patents  
Patent Prosecution

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods



## JOHN M. FLEMING

### Attorney

John Fleming concentrates on preparing and prosecuting utility and design patent applications in a variety of technical fields while participating in litigation matters, client counseling, and a wide variety of opinion work. Mr. Fleming's technical areas include telecommunications, Internet-related and private network technology, semiconductors, e-commerce, digital/electronic handwriting, color management, graphical user interface systems, financial security and authentication, application programming interfaces, and computer-relation technologies involving hardware, software, and firmware. In addition, Mr. Fleming has an extensive amount of design prosecution experience and development, including various hardware in addition to computer interfaces and icons. Mr. Fleming has filed and prosecuted hundreds of design applications from initial prototypes to commercially available products. With a practical based background in electrical engineering, Mr. Fleming has experience in all phases of writing and prosecuting complex patent applications in a variety of technical fields.

Mr. Fleming's engineering accomplishments are based in part on his applied experience as an electrical engineer for Schlumberger Industries, RMS. As both an application and product engineer, his activities included design, implementation, and maintenance of various power measurement systems and structures utilizing a variety of telecommunication and power measurement technologies. Mr. Fleming also gave instruction and training on use and operation of product and software packages, and handled on-site restoration and maintenance of system and component failures, including a project at the launch of deregulation of the electric utility market.

Mr. Fleming serves as Associate Professorial Lecturer in the Mechanical and Aerospace Engineering Department (MAE) at The George Washington University teaching Patent Law for Engineers. Taught to undergraduate and graduate level science-based students, this course covers all major aspects of intellectual property including patents, trademarks, copyrights and related matters and is one of three courses that together comprise a Patent Law Option offered through The George Washington University's School of Engineering and Applied Sciences (SEAS), the first of its kind in the country. Mr. Fleming, along with other faculty at The George Washington University, co-created the Patent Law Option and began offering courses in this program in early 2006.

Mr. Fleming earned his Bachelor of Science degree in Electrical Engineering from Clemson University with concentrations in circuit design and configurations and fiber optic technologies. He earned his Juris Doctor from The Catholic University of America Columbus School of Law in 2002.

Mr. Fleming is admitted to the bars of the District of Columbia and the Commonwealth of Virginia, and is registered to practice before the U.S. Patent and Trademark Office. He is also a contributor to the American Bar Association Section of Intellectual Property Law's Patent Litigation Strategies Handbook.

Mr. Fleming practices in the Washington, D.C. office of Banner & Witcoff, Ltd.



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
jffleming@bannerwitcoff.com

### Education

B.S. 1996, Clemson University  
J.D. 2002, Catholic University

### Bar Admissions

2002, Virginia  
2005, District of Columbia

### Court Admissions

U.S. Patent and Trademark Office

### Practice Areas

Counseling, Opinions & Licensing  
Design Patents  
Litigation  
Patent Prosecution

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods



## NIGEL FONTENOT

### Attorney

Nigel Fontenot has worked in a broad range of technical areas during his intellectual property career, with matters including computer software, securities and investments, databases, telecommunications, wireless systems, real-estate market trends, mobile devices, Internet and Domain Name System (DNS), webpage security, data processing and refining, memory storage devices, energy efficiency power systems, mail courier systems, security and authentication, business methods, cable television, and mechanical devices.

Prior to joining Banner & Witcoff, Nigel worked as a Student Associate at a leading international intellectual property law firm based in Washington, DC.

Prior to attending law school, Nigel was a patent examiner at the U.S. Patent and Trademark Office examining medical device and medical imaging applications. Nigel's experience as a former patent examiner allows him to provide valuable insight and advice to clients on patent matters.

Nigel holds a Bachelor of Science degree in Biomedical Engineering with a minor in Electrical Engineering from Texas A&M University, where he graduated *cum laude*. Nigel earned his J.D., with honors, from George Washington University Law School. Upon graduation, he was awarded the Chris Bartok Memorial Award in Patent Law for "exhibited excellence in the study of patent law."

*Mr. Fontenot is admitted to practice before the United States Patent & Trademark Office and in the State of Maryland. Practice in the District of Columbia is limited to matters and proceedings before federal courts and agencies.*



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
nfontenot@bannerwitcoff.com

### Education

B.S. 2006, Texas A&M University  
J.D. 2015, George Washington  
University

### Bar Admissions

2015, Maryland

### Court Admissions

U.S. Patent and Trademark Office

### Practice Areas

Patent Prosecution

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods



## CHRISTOPHER GALFANO

### Attorney

Chris Galfano focuses his practice on patent and trademark litigation matters and patent prosecution, primarily in the biological and chemical sciences, and mechanical arts. Prior to joining Banner & Witcoff, he served in the United States Marine Corps as an F/A-18D Weapon Systems Officer and Forward Air Controller. He is a graduate of the United States Navy Fighter Weapons School, TOP GUN, and he flew combat missions in Iraq and Afghanistan with the United States Air Force in the F-15E Strike Eagle.

He earned his Juris Doctor, *cum laude*, from the Chicago-Kent College of Law where he was an associate editor of the *Chicago-Kent Journal of Intellectual Property*. While in law school, Chris served as a judicial extern for the Honorable William V. Gallo of the United States District Court for the Southern District of California. He earned a Bachelor of Science degree in Biology from the U.S. Air Force Academy.



### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
cgalfano@bannerwitcoff.com

### Education

B.S., United States Air Force  
Academy  
J.D., Chicago - Kent College of Law

### Bar Admissions

2015, Illinois

### Court Admissions

Supreme Court of Illinois  
U.S. District Court for the Northern  
District of Illinois  
U.S. Patent and Trademark Office

### Practice Areas

Litigation  
Patent Prosecution  
Trade Dress  
Trademarks

### Industries

Chemistry & Chemical Engineering  
Life Sciences & Pharmaceuticals



## SHAWN P. GORMAN

### Attorney

Shawn Gorman has experience in a range of intellectual property issues, primarily in complex patent matters.

Mr. Gorman focuses exclusively on patent prosecution and patent portfolio management as it relates to proceedings at the U.S. Patent and Trademark Office. He prepares and prosecutes patent applications in a wide variety of technology areas, including the aerospace, electronic arts mechanics and biotechnology. Specifically, he has prepared and prosecuted applications relating to aerospace materials, cellular technologies, video gaming systems, online gaming systems, as well as interleukins, medical delivery devices and diagnostic devices.

Mr. Gorman works directly with the firm's clients to obtain patent rights that protect the client's core technologies in line with their business objectives. Shawn works closely with foreign attorneys throughout the world to determine the best strategies for obtaining and preserving patent rights through proceedings at the U.S. Patent and Trademark Office. He has assisted in the training of foreign attorneys in U.S. patent laws and patent office proceedings.

Previously in his career, Shawn handled the various aspects of patent litigation. He was a member of a trial team for a Fortune 500 medical device company and was part of a trial team defending a leading manufacturer of VoIP telephony devices.

Before joining Banner & Witcoff, Mr. Gorman was with the patent division of CIBA Vision. He also served as an extern for Wyeth Pharmaceuticals. Mr. Gorman earned his graduate degree from the University of Florida College of Veterinary Medicine, where he was awarded the Phi Zeta Excellence in Master's Studies Scholarship for his work investigating an experimental patent-pending product. The results of his graduate worked were utilized to satisfy the best mode requirement of U.S. patent laws.

Mr. Gorman is a contributing author for *The American Bar Association's Legal Guide to Video Game Production*, published by the ABA in 2011. Mr. Gorman has also written articles in such publications as the *Journal of the American Veterinary Medical Association*, *Theriogenology*, and the *Pierce Law Review*.

Mr. Gorman earned his Juris Doctor degree from the Franklin Pierce Law Center, where he was Senior Staff Editor of the *Pierce Law Review*, successfully contended in the Jessup International Law Moot Court and was honored to receive the Rapee Intellectual Property Scholarship. He is admitted before the United States Patent and Trademark Office.



### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
sgorman@bannerwitcoff.com

### Education

B.S. 1998, University of Florida  
M.S. 2001, University of Florida  
J.D. 2004, Franklin Pierce Law Center

### Bar Admissions

2005, Illinois

### Court Admissions

U.S. District Court for the Northern  
District of Illinois

### Practice Areas

Counseling, Opinions & Licensing  
Patent Prosecution

### Industries

Chemistry & Chemical Engineering  
Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods  
Life Sciences & Pharmaceuticals  
Medical Devices





## R. GREGORY ISRAELSEN

### Attorney

Greg Israelsen focuses on intellectual-property litigation, representing clients in patent disputes related to electrical, computer-hardware, computer-software, and mechanical arts. He also represents clients in copyright- and trademark-infringement actions.

During law school, Mr. Israelsen worked as a summer associate at the firm. He also clerked for a patent boutique, where he drafted and prosecuted patent applications for a Fortune 50 client and was part of a litigation team in a trademark-infringement action for a nationwide food franchise.

Before law school, Mr. Israelsen formed his own company and developed smartphone apps for mobile platforms. Several of his apps won awards from a well-known smartphone manufacturer and were featured on a top technology website.

Mr. Israelsen studied Electrical Engineering at the University of Illinois at Urbana-Champaign and at Brigham Young University. He earned a Bachelor of Science, *with University Honors*, from Brigham Young University. He earned a Juris Doctor, *cum laude*, from the J. Reuben Clark Law School at Brigham Young University. In law school, he served as Vice President of the Student Intellectual Property Law Association, Vice President of the Student Bar Association, Senior Editor on the *Brigham Young University Law Review*, and Managing Articles Editor on the *BYU Journal of Public Law*. He was a member of the IP Moot Court, Vis International Commercial Arbitration, and Moot Court teams. He also won the local Giles S. Rich IP Moot Court competition two years in a row, going on to represent his school at the regional competition in California. And he received the Faculty Award for Meritorious Achievement and Distinguished Service and the John S. Welch Award for Outstanding Legal Writing.

Mr. Israelsen has extensive international experience. He lived for several years in Hong Kong and Caracas, Venezuela, and has traveled all over the world. He is fluent in spoken Cantonese and conversant in Spanish.

Mr. Israelsen practices in the Washington, DC office of Banner & Witcoff, Ltd.



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
risraelsen@bannerwitcoff.com

### Education

B.S. 2009, Brigham Young University  
J.D. 2013, J. Reuben Clark Law  
School

### Bar Admissions

2013, Illinois  
2014, District of Columbia

### Court Admissions

Supreme Court of Illinois  
District of Columbia Court of Appeals  
U.S. Patent and Trademark Office

### Memberships

American Bar Association (ABA)

### Practice Areas

Appellate Litigation  
Copyright  
Counseling, Opinions & Licensing  
Counterfeit Goods Seizure  
Jury Trials  
Litigation  
Patent Prosecution  
Trade Dress  
Trade Secrets  
Trademarks

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods





## RAJIT KAPUR

Attorney

Rajit Kapur has handled a broad range of intellectual property issues in a number of different technical areas, including matters involving computer software, mobile devices, Internet applications, video games, graphical user interfaces, financial products and services, multimedia networks and systems, satellite communications and positioning systems, business methods, ergonomic office products, wind turbines, printers and multifunction devices, and mechanical devices. In addition to his extensive experience in drafting and prosecuting patent applications for different technologies, Rajit also has experience in researching and analyzing legal and technical issues, drafting opinions, preparing reexamination requests, and assisting in various phases of IP litigation and counseling.

Rajit's clients range from large corporations to small businesses, startups, and individual inventors. One of Rajit's representative clients is a software startup that designs and develops social networking apps, mobile games, and other innovative apps for mobile devices. In representing this company, Rajit has assisted in developing IP protection and enforcement strategies and in preparing and prosecuting a number of patent, trademark, and copyright applications.

While attending law school, Rajit first worked with the firm as a summer associate and as a law clerk, and he later spent several years with the firm as an attorney before relocating to Northern California. Prior to rejoining Banner & Witcoff in 2012, Rajit worked as an associate in the Silicon Valley office of a large international law firm, where his practice focused on patent prosecution in the electrical and computer arts.

Rajit earned his B.S. in Mechanical Engineering, *magna cum laude*, from Tufts University and his J.D. from The George Washington University Law School, where he was the Vice President of the Student Intellectual Property Law Association.



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
rkapur@bannerwitcoff.com

### Education

B.S. 2006, Tufts University  
J.D. 2009, George Washington  
University

### Bar Admissions

2009, California  
2011, District of Columbia  
2016, Massachusetts

### Court Admissions

U.S. Patent and Trademark Office

### Practice Areas

Copyright  
Counseling, Opinions & Licensing  
Design Patents  
Litigation  
Patent Prosecution  
Trademarks

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods

## ROBERT S. KATZ

### Attorney

Robert Katz has benefited firm clients in the areas of utility patents and industrial designs. Mr. Katz has drafted and prosecuted to issuance numerous and significant utility patents in the U.S. and in foreign countries. These clients include Fortune 500 companies as well as many individual inventors and small companies who rely on strong patent protection in their marketplaces. The patents have been directed primarily to mechanical and electromechanical devices, and to software and computer-related inventions. Many patents drafted and prosecuted by Mr. Katz have been successfully enforced with some having served as the cornerstone for the successful sale of companies.



Mr. Katz has also provided advice and prepared opinions regarding the patentability of inventions, patent infringement, patent validity, and trade secret protection to help clients properly assess the advantages and disadvantages of certain intellectual property and business decisions.

In patent and trademark litigation matters, he has assisted clients in enforcing and defending intellectual property related claims at the district court and the Court of Appeals for the Federal Circuit, and in the International Trade Commission.

Both nationally and internationally, Mr. Katz is considered as one of the premier practitioners in the field of industrial designs leading the way in the procurement and enforcement of design patents. On behalf of the firm's clients, he has helped procure over 5,000 design patents in the U.S. and over 15,000 design patents/registrations outside the U.S., and has helped to successfully enforce over 100 design patents. Leaders from foreign Design Patent Offices have consulted with him regarding industrial design policies, and he has been named as an expert in multiple design patent litigations.

He is a frequent speaker on industrial design-related topics and has been invited to speak before industry and legal professional organizations on six continents. He has spoken at conferences and seminars hosted by ABA (American Bar Association), AIPLA (American Intellectual Property Law Association), FICPI (Federation International des Conseils en Propriete Industrielle), INTA (International Trademark Association), IPO (Intellectual Property Owners Association), IPR University Center (Finland), the U.S. Patent and Trademark Office (USPTO), and WIPO (World Intellectual Property Office). Representatives from the Japanese Patent Office and WIPO have consulted with him on issues of design patent harmonization.

Mr. Katz has written articles addressing issues relating utility patent, design patent, and trade dress rights. Mr. Katz has authored a section of a recently published book entitled *Writing Patents for Litigation and Licensing* for BNA Publishing. He is currently a professor at George Washington University Law School teaching Design Law and a professor at Georgetown University Law School teaching Intellectual Property Pretrial Litigation Skills.

Mr. Katz is a member of several professional organizations including: AIPLA, FICPI, ABA, IPO, INTA, and IDSA (Industrial Design Society of America). He currently serves as Treasurer of FICPI's U.S. Section, and as Vice Chair of INTA's Design Rights Committee. He is a former Chair of the Industrial Design Section for both FICPI and AIPLA. Mr. Katz also serves as a member of the Industrial Designs working group of the AIPLA Special Committee on Legislation, and on an INTA Presidential Task Force on Trademarks and Innovation.

Before joining Banner & Witcoff, Mr. Katz was a patent examiner at the USPTO. In that capacity, he examined patent applications for article and material handling devices covering a broad range of applications including robotics, conveyors, and loading and unloading vehicles. Mr. Katz also worked as a mechanical engineer at Digital Equipment Corporation's High Performance Systems where he designed mechanical, electrical, and electromechanical devices for main-frame computers. Additionally, he is a co-inventor of U.S. Patent No. 4,723,549 entitled "*Method and Apparatus for Dilating Blood Vessels.*"

Mr. Katz earned his Bachelor of Science degree in Mechanical Engineering from Carnegie-Mellon University, and his Juris Doctor degree, with honors, from George Washington University. He is admitted to practice before many courts including the U.S. Court of Appeals for the Federal Circuit and the U.S. District Court for the Eastern District of Virginia. He is a member of the bar in Virginia and the District of Columbia, and is registered to practice before the U.S. Patent and Trademark Office.

### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
rkatz@bannerwitcoff.com

### Education

B.S. 1986, Carnegie Mellon University  
J.D. 1992, George Washington University

### Bar Admissions

1992, Virginia  
1993, District of Columbia

### Court Admissions

U.S. Court of Appeals for the Federal Circuit  
U.S. District Court for the District of Columbia  
U.S. District Court for the Eastern District of Virginia  
U.S. Patent and Trademark Office

### Practice Areas

Design Patents  
Litigation  
Patent Prosecution  
Trademarks

### Industries

Internet, E-Commerce & Business Methods

Mr. Katz was named as one of the "Top 50 Under 45" intellectual property attorneys in 2008 by *IP Law and Business*.

AV Peer Review Rated by the LexisNexis Martindale-Hubbell Ratings.

Mr. Katz practices in the Washington, DC office of Banner & Witcoff, Ltd.



## ANNA L. KING

### Attorney

Anna King enjoys practicing in many areas of intellectual property law. Anna currently concentrates her practice on trademark and copyright prosecution and counseling matters. Her experience in these fields includes prosecution of applications, enforcement and oppositions. She is part of a team that represents leading e-commerce, outdoor lifestyle products, and consumer electronic products and services companies.

Anna co-wrote several articles for such organizations as The International Trademark Association, Practising Law Institute and The Bureau of National Affairs as well as World Trademark Review. A complete list of these articles can be seen below.

Anna currently serves as Chair of the Trademark Committee of the Intellectual Property Law Association of Chicago (IPLAC).

Anna was awarded her J.D. degree from Indiana University School of Law-Bloomington. There she was involved in the Intellectual Property Association, Sports & Entertainment Law Society and Sherman Minton Moot Court. Anna earned a Bachelor's of Arts degree in Anthropology, *cum laude*, from Connecticut College.

Anna is admitted to practice before the Supreme Court of Illinois and the U.S. District Court for the Northern District of Illinois.

Anna practices in the Chicago office of Banner & Witcoff, Ltd.

### Published Articles

- *The Supreme Court Points Courts to Juries on Issue of Trademark Tacking* (Banner & Witcoff IP Alert) (February 2015)
- *Aesthetic Functionality in the TTAB Since Louboutin* (Banner & Witcoff IP Update) (April 2014)
- *Be prepared: The importance of due diligence in choosing between bench and jury trials* (World Trademark Review) (April/May 2013).
- *Brand Locally, Think Globally: International Trademark Searching & Filing Strategies* (Practicing Law Institute's Understanding Trademark Law) (June 2011).
- *Where to Start?: Understanding Trademark Searching and Filing in a Global Marketplace* (Practicing Law Institute's Understanding Trademark Law) (June 2010).
- *Caution: Do Not Outsource Your Ethical Obligations!, Outsourcing and Ethical Issues* (Int'l Trademark Ass'n Annual Meeting, Boston, MA) (May 2010).
- *Global Harmonization of Trademark Laws: Not Quite There Yet*, 74 BNA PTCJ 77 (2007).



### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
aking@bannerwitcoff.com

### Education

B.A., Connecticut College  
J.D., Indiana University

### Court Admissions

Supreme Court of Illinois  
U.S. District Court for the Northern  
District of Illinois

### Practice Areas

Copyright  
Trademarks

### Industries



## MAURINE L. KNUTSSON

### Attorney

Maurine Knutsson works with clients to protect, enforce, and manage their trademarks, copyrights, designs, and cyber rights.

Maurine knows the value and importance of reputation and is passionate about protecting clients' brands online and around the world. Maurine works with clients to develop effective strategies for establishing and enforcing U.S. and global trademark rights. She also represents clients in opposition and cancellation proceedings before the Trademark Trial and Appeal Board.

Maurine helps clients make the most of their online presence and implement social media best practices. She helps protect clients from Internet trolls through online brand enforcement, DMCA, anti-cybersquatting procedures, and UDRP arbitration proceedings.

Maurine represents clients in Federal Courts throughout the U.S. in intellectual property claims involving trademark infringement, unfair competition, copyright infringement, design patent infringement, counterfeiting, rights of publicity, and false advertising.

Maurine earned her J.D. from the University of Notre Dame Law School in 2012 and her B.S. in Engineering Mechanics from the University of Illinois at Urbana-Champaign in 2009. Maurine enjoys traveling and working with Best Buddies International and other organizations that help people with intellectual and developmental disabilities.

*Maurine is admitted to practice before the United States Patent & Trademark Office and in the State of Indiana.*



### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
mknutsson@bannerwitcoff.com

### Education

B.S. 2009, University of Illinois  
J.D. 2012, University of Notre Dame

### Bar Admissions

2012, Indiana  
2015, Illinois  
2015, California

### Court Admissions

U.S. Patent and Trademark Office  
Indiana Northern District  
Indiana Southern District

### Practice Areas

Appellate Litigation  
Copyright  
Counseling, Opinions & Licensing  
Counterfeit Goods Seizure  
Design Patents  
Jury Trials  
Litigation  
Trade Dress  
Trade Secrets  
Trademarks

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods  
Medical Devices



## BENJAMIN KOOPFERSTOCK

### Attorney

Mr. Koopferstock's practice primarily focuses on the preparation and prosecution of patent applications. He has prepared and prosecuted patent applications in the fields of computer software, user interfaces, consumer electronics and seismic exploration.

Mr. Koopferstock received his law degree from the Washington & Lee University School of Law in Lexington, Virginia. At Washington & Lee, he served as the Senior Articles Editor and Technology Editor for the Washington & Lee Journal of Energy, Climate, and the Environment.

Prior to beginning his legal career, Mr. Koopferstock received his B.S. in Computer Engineering with a minor in Mathematics from Southern Methodist University ("SMU"). While at SMU, he was president of the Association for Computing Machinery. Mr. Koopferstock was also a member of the SMU Database Research Group, where he researched data mining using the R software environment.

*Mr. Koopferstock is admitted to practice before the United States Patent & Trademark Office and in the State of Texas. Practice in the District of Columbia is limited to matters and proceedings before federal courts and agencies.*



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
bkoopferstock@bannerwitcoff.com

### Education

B.S. 2010, Southern Methodist University  
J.D. 2013, Washington & Lee

### Bar Admissions

2013, Texas

### Court Admissions

U.S. Patent and Trademark Office

### Memberships

American Intellectual Property Law Association  
Houston Intellectual Property Law Association

### Practice Areas

Patent Prosecution

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business Methods



## CRAIG W. KRONENTHAL

### Attorney

Craig Kronenthal devotes his practice to the preparation and prosecution of patent applications in various fields, and especially in the computer and electronic device areas. Additionally, Craig is actively involved in litigation and reexamination matters, client counseling, and preparing patentability and infringement opinions. Craig regularly works with start-ups and entrepreneurs as well as large, multinational corporations.

Craig has extensive experience in matters related to semiconductors, antennas, telecommunications, computer networks, data encryption, e-commerce, and nanotechnology. Craig also has significant experience in prosecuting and preparing applications for biomedical and mechanical inventions. Further, Craig has technical experience in the fabrication, measuring, and testing of micro-resonators and other silicon based microelectromechanical systems for biomedical applications.

Before joining Banner & Witcoff, Craig was a patent examiner at the U.S. Patent & Trademark Office (USPTO) for more than two years. As a patent examiner, his primary focus was on image processing with regards to watermark, biomedical, and object tracking applications. Moreover, Craig obtained valuable experience through his previous positions at the law firms of IP&T Group LLP in Annandale, VA, Sughrue Mion, PLLC in Washington, DC, and Christopher & Weisberg, PA in Ft. Lauderdale, FL. His experiences include conducting prior art searches, drafting patent applications, responding to office actions, and preparing trademark and patentability opinions.

Craig graduated from the Georgia Institute of Technology with a Bachelor of Science degree in Electrical Engineering and a Certificate of Entrepreneurship. While at Georgia Tech, Craig worked for the MicroSensors and MicroActuators Group in the School of Electrical and Computer Engineering. In addition, Craig earned his Juris Doctorate, *cum laude*, from the University of Miami School of Law. During law school, Craig participated in the Health and Elder Law Clinic and was Vice President of the Intellectual Property Law Society and a member of the University of Miami Business Law Review.



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
ckronenthal@bannerwitcoff.com

### Education

B.S. 2004, Georgia Institute of  
Technology  
J.D. 2009, University of Miami

### Bar Admissions

2009, Virginia  
2015, District of Columbia

### Court Admissions

U.S. Patent and Trademark Office

### Practice Areas

Counseling, Opinions & Licensing  
Litigation  
Patent Post-Issuance Proceedings  
Patent Prosecution

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods





## ERNEST V. LINEK

### Attorney

In over thirty years of practice, Ernest Linek has successfully prosecuted hundreds of U.S. and international patent applications in fields including natural product chemistry, polymer chemistry, pharmaceuticals, biotechnology, electroplating, semiconductors, and photoreceptors. Non-chemical utility patents and design patents obtained by Mr. Linek have included household storage containers, police safety equipment, toys, games and sporting goods.

In addition to his patent practice, Mr. Linek's trademark practice has resulted in his assisting clients in the selection and registration of hundreds of new trademarks and service marks, both in the United States and abroad, including Community Trademark and Madrid Protocol filings. He is also very active in providing client counseling and opinions regarding the validity and infringement of patents and trademarks.

Mr. Linek has extensive litigation experience and has successfully protected his client's interests in numerous Federal District Courts and before the U.S. Court of Appeals for the Federal Circuit. Specific areas of litigation have included trademark infringement, trade dress infringement, design patent infringement and utility patent infringement actions.

Mr. Linek also provides his clients with counseling and legal opinions regarding issues of validity and infringement of both patents and trademarks. On multiple occasions, Mr. Linek has served as a patent expert in litigation.

Mr. Linek also devotes time to the education of future lawyers, and he has been a guest lecturer at Franklin Pierce Law School in Concord, New Hampshire and at Northeastern Law School in Boston, Massachusetts.

Mr. Linek earned his B.S. degree in Chemistry (with a minor in computer science) in 1975 from the State University of New York, College at Fredonia, and his M.S. in Organic Chemistry in 1977 from the University of New Hampshire. He earned a J.D. degree in 1982 from Seton Hall University. From 1977 to 1984, Mr. Linek was employed by the multi-national pharmaceutical company - Merck & Co., first as a research chemist, then as a patent agent and finally as a patent attorney.

He is admitted to practice in the states of New Jersey and Massachusetts, as well as the Federal District Courts thereof. In addition, Mr. Linek is admitted in the U.S. District Court for the Eastern District of Wisconsin, and the Courts of Appeals for the Ninth and Federal Circuits. He is also active in numerous professional organizations, including the New York Academy of Science, the American Chemical Society, the American Bar Association, the Boston Bar Association, the Massachusetts Bar Association, the Federal Circuit Bar Association, the American Intellectual Property Law Association and the Boston Patent Law Association.

Mr. Linek has been recognized in the New England and Massachusetts Super Lawyers lists, published by Thomson Reuters, from 2004 to 2015. The listings were published in *Boston Magazine* and in the legal publication, *New England Super Lawyers*.

AV Peer Review Rated by the LexisNexis Martindale-Hubbell Ratings.

Mr. Linek practices in the Boston office of Banner & Witcoff, Ltd.



### Office

28 State Street  
Suite 1800  
Boston, MA 02109-1705  
T 617.720.9600  
F 617.720.9601  
elinek@bannerwitcoff.com

### Education

B.S. 1975, State University of New York at Fredonia  
M.S. 1977, University of New Hampshire  
J.D. 1982, Seton Hall University

### Bar Admissions

1982, New Jersey  
1985, Massachusetts

### Court Admissions

U.S. Court of Appeals for the Federal Circuit  
U.S. Court of Appeals for the Ninth Circuit  
U.S. District Court for the District of Massachusetts  
U.S. District Court for the District of New Jersey  
U.S. District Court for the Eastern District of Wisconsin

### Practice Areas

Appellate Litigation  
Copyright  
Design Patents  
Jury Trials  
Litigation  
Patent Prosecution  
Trademarks

### Industries

Chemistry & Chemical Engineering  
Internet, E-Commerce & Business Methods  
Life Sciences & Pharmaceuticals  
Medical Devices



## CHRISTOPHER L. MCKEE

### Attorney

Christopher McKee has focused on patent litigation, counseling and prosecution throughout his career. His concentration is in the mechanical and electrical/computer related arts.

Mr. McKee has extensive experience in handling litigation-related patent reexaminations, as well as new post-grant proceedings available under the America Invents Act. Since enactment of the AIA, his practice has been largely devoted to handling of *inter partes* review (IPR) proceedings before the USPTO's Patent Trial and Appeal Board. He served as lead counsel on behalf of the patent owner in two of the earliest filed IPRs. One of those (IPR 2012-00041) was the first to conclude in denial of the IPR petition in its entirety. The other (IPR 2012-00042) was the first IPR to result in a final written decision upholding the bulk of the patent claims in the trial.

The AIA review proceedings and reexaminations he has handled have involved a variety of art areas, including electronic design automation (EDA), computer networking/digital data transmission and dynamic system control.

In addition, Mr. McKee has substantial experience in patent litigation and licensing matters, and he has prepared and successfully prosecuted scores of patent applications, in numerous technologies. These include EDA, integrated circuit fabrication, computer (hardware and software), telecommunications, medical device and machine tool technologies, and consumer appliances.

Mr. McKee began his career in intellectual property law with the USPTO, where he served as a patent examiner from 1984-86. There, he examined patent applications in a variety of arts, including metal founding and metal fusion bonding. Mr. McKee's early experience as a patent examiner has given him a particular sensitivity to examiner concerns, enabling him to negotiate cases to allowance with great effectiveness.

Mr. McKee serves as an adjunct law professor at the Georgetown University Law Center, teaching a class on Intellectual Property Litigation, Pretrial Skills. He previously served as a faculty member for Patent Resources Group's bi-annual patent bar review course, and as a steering committee member of the Bar Association of the District of Columbia's Patent, Trademark and Copyright Section. Mr. McKee chaired the firm's New Attorney Education program from 2003 - 2009, and remains active as a presenter in that program.

Mr. McKee earned his Bachelor of Science in Industrial Engineering from Iowa State University in 1983, and his Juris Doctor from the National Law Center of George Washington University in 1988. He is admitted to the bars of Virginia and the District of Columbia, and to practice before the Court of Appeals for the Federal Circuit and the Supreme Court of the United States.

Mr. McKee practices in the Washington, D.C. office of Banner & Witcoff, Ltd.



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
cmckee@bannerwitcoff.com

### Education

B.S. 1983, Iowa State University  
J.D. 1988, George Washington  
University

### Bar Admissions

1988, Virginia  
1991, District of Columbia

### Court Admissions

U.S. Court of Appeals for the Federal  
Circuit  
U.S. Supreme Court

### Practice Areas

Appellate Litigation  
Counseling, Opinions & Licensing  
Litigation  
Patent Interferences  
Patent Post-Issuance Proceedings  
Patent Prosecution  
Trade Dress

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods



## HELEN HILL MINSKER

### Attorney

Helen Hill Minsker provides assistance to clients concerning a broad range of issues arising under trademark and unfair competition laws, as well as copyright law. Her experience in these fields of law includes counseling, prosecution and registration of applications before the U.S. Patent and Trademark Office and the U.S. Copyright Office, internet, licensing, enforcement, oppositions and cancellations, and litigation in the courts. Helen also counsels clients in protecting their trademark portfolios internationally.

Helen is active in a number of professional organizations. She has held leadership roles with national and international IP associations, including serving on both the INTA Board of Directors and the AIPLA Board of Directors (as a Board member and as Treasurer). From 2006 - 2009, Helen served on the Editorial Board of the INTA publication *The Trademark Reporter*. Over the years, Helen has chaired various committees for these associations and others, such as the ABA IP Law Section's Committee on Franchising, and she served as co-Chair of INTA's Annual Meeting in Amsterdam in 2003. Helen also was chair of the Bar Association of DC's Patent, Trademark & Copyright Law Section.

Helen received her undergraduate degree (A.B.) in political science from Vassar College, and her J.D. from George Washington University. She also spent a year studying at the London School of Economics and Political Science. She is admitted to the Bar of the District of Columbia Court of Appeals and the Bar of the Supreme Court of Illinois, as well as several courts, including the United States Supreme Court and the Court of Appeals for the Federal Circuit.

From 2001-2011, Helen served as an adjunct professor of law at Georgetown University, where she co-authored and taught a course on intellectual property pretrial litigation skills. She also is a frequent lecturer in continuing legal education programs, and is a former Contributing Editor/Trademarks for the *Federal Circuit Bar Journal*. On the international front, Helen is a member of the European Community Trademark Association (ECTA). Helen was included in "IP Stars - Top 250 Women in IP" in *Managing Intellectual Property* in 2013 and 2014, and recognized as a "World's Leading Trademark Professional" in the *World Trademark Review 1000* in 2012-2015.

Helen practices in the Chicago office of Banner & Witcoff, Ltd.



### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
hminsker@bannerwitcoff.com

### Education

A.B. 1982, Vassar College  
J.D. 1987, George Washington  
University

### Bar Admissions

1988, District of Columbia  
2007, Illinois

### Court Admissions

U.S. Supreme Court  
U.S. Circuit Court of Appeals for the  
Federal Circuit  
U.S. Court of Appeals for the Seventh  
Circuit  
U.S. District Court for the Central  
District of Illinois  
U.S. District Court for the District of  
Columbia  
U.S. District Court for the Northern  
District of Illinois

### Practice Areas

Appellate Litigation  
Copyright  
Counterfeit Goods Seizure  
Litigation  
Trade Dress  
Trademarks

### Industries

Internet, E-Commerce & Business  
Methods



## DARRELL G. MOTTLEY

### Attorney

Darrell G. Mottley is a principal shareholder of Banner & Witcoff, and the past president of the D.C. Bar. Mr. Mottley provides strategic counseling in intellectual property protection related to patent and trademark matters, including procurement, opinions, licensing and litigation. Mr. Mottley's intellectual property practice includes complex technologies in a variety of fields such as telecommunications, internet-related technology, computer-gaming, medical devices, semiconductors, mechanical technologies, and electro-mechanical technologies.

Recently, Mr. Mottley advised a Fortune 500 company on an anti-counterfeiting project which included opinion analysis and scope and patent identification in a global anti-counterfeiting action using design/registrations. Mr. Mottley has advised clients on intellectual property matters in multi-million dollar venture capital transactions. He has successfully represented clients and obtained U.S. utility and design patents through the U.S. Patent and Trademark Office (USPTO), and the firm successfully enforced the patents to protect the core businesses of clients. He has successfully represented clients before the USPTO Board of Appeals and Patent Interference. Mr. Mottley has advised global companies on patent clearance and prosecution in cooperation with local country counsel in countries such as Singapore, Taiwan, Malaysia, Thailand, China, Hong Kong, Europe, Mexico, Russia, Brazil, Peru, and South Africa.

Throughout his career Mr. Mottley has worked as an engineer, a project manager, engineering chief for the AAI Corporation, U.S. Army Belvoir Research and Engineering Development Center, and the National Oceanic and Atmospheric Administration. He has worked in diverse fields such as network communications, data center design and construction, advanced composite materials, military electronics, and military aircraft logistics and maintenance.

Mr. Mottley earned a Bachelors of Science in Engineering Science and Mechanics in 1987 and his Masters of Business Administration from the Virginia Polytechnic Institute and State University in 1994 with a concentration in corporate finance and management science. He earned his Juris Doctor degree, *with honors*, in 2000 from The George Washington University, where he also served as an editor on the student editorial board of the *ABA Public Contract Law Journal*. He had an article published in the journal concerning information technology in the Federal Government.

Mr. Mottley is the former Chair of the District of Columbia Bar's Council on Sections. He also served as Vice-chair of, Division IV of ABA Section of Intellectual Property Law. Mr. Mottley is registered to practice before the United States Patent and Trademark Office and is a member of the National Bar Association concentrating on intellectual property law. He is also a Fellow of the American Bar Foundation, the premier U.S. socio-legal research institute.

Mr. Mottley completed a four year term on the Industrial Advisory Council at the College of Engineering at Virginia Tech. In this capacity he assisted with the recruitment, retention, and development of students in engineering, focusing on under-represented students from diverse backgrounds.

Mr. Mottley is an adjunct professor at The George Washington University Law School teaching classes in design law. Mr. Mottley previously lectured on patent law at Howard University Law School. Mr. Mottley is a contributing author to the Thomson Reuters published book, [Navigating Fashion Law: Leading Lawyers on Exploring the Trends, Cases, and Strategies of Fashion Law](#), in which he authored the section "The Tools for Protecting Fashion Law Clients." He is also a contributing author to the ABA published book, [Annual Review of Intellectual Property Law Developments](#), in which he authored the section "Design Patent Infringement – Egyptian Goddess." He currently serves as editor-in-chief of the ABA's *Landslide* magazine.

Mr. Mottley practices in the Washington, DC office of Banner & Witcoff, Ltd.



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
dmottley@bannerwitcoff.com

### Education

B.S. 1987, Virginia Polytechnic Institute and State University  
M.B.A. 1994, Virginia Polytechnic Institute and State University  
J.D. 2000, George Washington University

### Bar Admissions

2000, Virginia  
2001, New Jersey  
2002, District of Columbia

### Court Admissions

U.S. Court of Appeals for the Federal Circuit  
U.S. Court of Appeals for the Fourth Circuit  
U.S. District Court for the Eastern District of Virginia  
U.S. Patent and Trademark Office

### Practice Areas

Counseling, Opinions & Licensing  
Design Patents  
Patent Prosecution  
Trademarks

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business Methods



## BINAL J. PATEL

### Attorney

Binal has a broad range of experience in intellectual property matters including procurement, litigation, and counseling. Binal represents clients in various industries including financial services, insurance, automotive and heavy equipment technologies.

**Patent Procurement Experience:** Binal actively manages the patent procurement programs for a number of large and medium sized corporations in the U.S. and internationally. Having litigated patents in court, Binal approaches patent procurement with an eye towards litigation and with an effort to obtain maximum desirable claim coverage. Binal counsels his clients to establish and maintain effective patent prosecution procedures. Binal has prepared and successfully prosecuted numerous patent applications in the fields of computer software, Internet-related technologies, computer hardware, telecommunications, and medical devices. In the software space, Binal has experience in electronic commerce applications, mobile-device applications, security and fraud-detection systems, authentication technologies, compliance and enterprise governance technologies, Web tools and business-to-business solutions, insurance solutions, banking services and asset management products. He also has experience in preparing patentability, validity, and infringement opinions relating to inventions in these fields.

**Litigation Experience:** Binal has significant experience managing complex litigation matters involving the enforcement and defense of intellectual property rights. Binal handles litigation with a pragmatic and pro-active approach and tailors his litigation strategies to suit the business goals of his clients. Binal's approach to litigation has achieved substantial success for clients in defending against patent infringement suits involving tens of millions in alleged liability. Binal also has proven successful in enforcing clients' intellectual property rights. Some of Binal's recent litigation achievements include the following matters and examples:

- *Advanced Cartridges Technologies, LLC v. Lexmark International, Inc.*
- *Stambler v. Fiserv, Inc. et al*
- *Ionit Technologies, Inc. v. Vision Controls Corporation*
- *Phoenix Licensing, LLC et al v. Allstate Corporation et al*
- *NIKE Inc. v. I J Huang et al*
- *Lexmark International, Inc. v. Abraham et al*
- *Lexmark International, Inc. v. Laserland, Inc.*
- *Steven B. Michlin v. Lexmark International Inc. et al*
- *Lexmark International Inc. v. Static Control Components, Inc.*
- *Automotive Technologies International v. BMW North America Inc. (Delphi)*
- *Benedict, et al v. General Motors Corp. et al*
- *Databurst LLC v. Checkfree Corp.*
- *Methode Electronics, Inc. v. Delphi Automotive Systems, LLC*
- *Delphi Automotive Systems, LLC v. Methode Electronics, Inc.*
- *Abbott Laboratories et al v. Orchid Chemicals & Pharmaceuticals LTD. (Sandoz)*
- *Static Control Components, Inc. v. Lexmark International, Inc.*
- *Globecom Systems v. Gilat Satellite, et al*
- *Hughes Electronics v. Gilat Satellite, et al*



### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
bpatel@bannerwitcoff.com

### Education

B.S.E.E. 1993, University of Illinois  
J.D. 1996, Northwestern University

### Bar Admissions

1996, Illinois

### Court Admissions

Supreme Court of Illinois  
U.S. Court of Appeals for the Federal Circuit  
U.S. District Court for the Eastern District of Michigan  
U.S. District Court for the Northern District of Illinois

### Practice Areas

Copyright  
Jury Trials  
Litigation  
Trademarks

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business Methods

- **Reinforced Earth** v. VSL Corporation, et al
- **Boston Scientific** v. Circon Corporation
- **Unistrut Corporation** v. Portable Pipe
- **Shure Bro Inc.** v. Pro DJ Inc., et al

#### **Additional Litigation Examples**

- Binal and a team of B&W lawyers successfully defended a client in an international arbitration involving a series of patents.
- Binal argued at the Court of Appeals for the Federal Circuit where he successfully obtained final dismissal of a class action patent infringement lawsuit.
- On multiple occasions, Binal and a team of B&W lawyers have obtained preliminary injunctions to protect against patent and copyright infringement.
- Binal successfully argued and achieved dismissals of patent infringement suits by way of summary proceedings such as summary judgment motions and *Markman* proceedings.

Binal frequently writes and presents on various intellectual property topics. Below is a sample listing of Binal's recent speeches, presentations and articles.

#### **Speeches and Presentations:**

- "The Truth about False Marking," B&W Corporate IP Seminar
- "Patentable Subject Matter After *Bilski*" B&W and BNA Webinar
- "Careers in IP Law," Northwestern University IP Society
- "In the Wake of *Bilski*," B&W Corporate IP Seminar
- "Process of Patent Prosecution and Interference," Northwestern University IP Law Week
- "Implications of *Seagate*," B&W Corporate IP Seminar
- "IP Litigation in the 21<sup>st</sup> Century," Northwestern Journal of Technology & Intellectual Property Symposium
- "Changes in Patent Rules and Effect on Patent Law," North American South Asian Bar Association Conference
- "Insurance, Intellectual Property and Patents," NAVA Compliance & Regulatory Affairs Conference
- "Patent Plaintiffs – Hot or Not?" North American South Asian Bar Association Conference
- "Patent Case Law Updates," National Bar Association
- "Do Opinions of Counsel Still Make Sense in Light of the *Seagate* Decision," B&W Corporate IP Seminar
- "Patent Prosecution Strategies - From a Litigation Perspective," B&W Corporate IP Seminar
- "Patent Enforcement and Defense Without Litigation," B&W Corporate IP Seminar

#### **Published Articles:**

- "Through the Looking Glass: Litigating Software and Business Method Patents Under Section 112," *2009 IPO Articles & Reps.*, Pats. Sec. No. 9. June 1, 2009. (co-authored with George M. Chaclas, Patrick A. Lujin, Leslie M. Spencer, and Michael D. Stein)
- "Providing Notice of Patent Infringement While Avoiding the Risk of Being Sued," *NLP IP Company*, Spring 1998. (co-authored with Jon O. Nelson)

#### **Bar-related Activities:**

- Co-founder and board member of the Indian-American Bar Association of Chicago
- Co-founder and former member of the executive committee of the North American South Asian Bar Association
- Member of the Software & Business Method Patents Committee of the Intellectual Property

## Owners Association

- Invited speaker to the Minority Corporate Counsel Association

Binal is a member of the *Leading Lawyer Network*. Based upon peer nominations and approval by the network's advisory board, only the top lawyers are nominated and eligible for membership in the *Leading Lawyers Network*. From 2012-2015, he was also named to Illinois Super Lawyers, which represents the top 5 percent of attorneys in the state.

Prior to becoming an attorney, Binal progressed through engineering positions at Andersen Consulting, Baxter Healthcare Corporation, and PSG Engineering Associates, Inc. Binal earned his Bachelor of Science degree in Electrical Engineering at the University of Illinois at Urbana-Champaign where he graduated, with *highest honors*, as a James Scholar, and as a member of the Senior 100. He earned his Juris Doctor degree from Northwestern University where he was a member of the *Journal of International Law and Business*. Binal is a registered patent attorney and is admitted to practice before the Supreme Court of the State of Illinois, the Court of Appeals for the Federal Circuit and numerous federal district courts throughout the country. He practices in the Chicago office of Banner & Witcoff, Ltd.



## H. WAYNE PORTER

### Attorney

Wayne Porter concentrates his practice in patent prosecution and related counseling, including evaluation of patent infringement and validity issues. He has prepared and prosecuted numerous patent applications in various software, electronic and mechanical fields. His areas of experience include database management, electronic design automation, microprocessor emulation, signal processing, computer input devices and other computer hardware, user interfaces, power conversion and regulation, telecommunications, computer networking, electrical connectors, construction materials, medical devices, manufacturing, and semiconductors. He has substantial experience in design patents, and has also assisted clients in other areas of intellectual property law, including copyrights.

Prior to receiving his law degree, Mr. Porter was employed as a mechanical engineer for the United States Government, where his duties included mechanical design and testing.

Mr. Porter earned a Bachelor of Mechanical Engineering from the Georgia Institute of Technology and a Juris Doctor degree, with *high honors*, from the University of Florida College of Law. While in law school, he was on the board of the *Florida Law Review* and graduated as a member of the Order of the Coif. Mr. Porter is admitted to practice before the U.S. Patent and Trademark Office and in the District of Columbia. Mr. Porter is also a member of the Florida bar and of the American Bar Association.

Mr. Porter practices in the Washington, DC office of Banner & Witcoff, Ltd.



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
wporter@bannerwitcoff.com

### Education

B.S.M.E. 1984, Georgia Institute of  
Technology  
J.D. 1990, University of Florida

### Bar Admissions

1990, Florida  
2002, District of Columbia

### Court Admissions

U.S. Patent and Trademark Office  
U.S. Supreme Court

### Memberships

American Bar Association (ABA)

### Practice Areas

Counseling, Opinions & Licensing  
Design Patents  
Patent Post-Issuance Proceedings  
Patent Prosecution

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods



## SARANYA RAGHAVAN

### Attorney

Ms. Raghavan focuses her practice on patent prosecution and litigation, trademark and trade dress matters, and counseling matters. Her experience includes the preparation and prosecution of patents in the electrical and computer arts. She has worked on matters involving computer software, Internet-based applications, mobile applications, graphical user interfaces, financial products and services, and business methods. Additionally, she has worked on several litigation matters involving patents, trademarks, and trade dress rights.

Prior to joining Banner & Witcoff, she worked as a software engineer for Orbitz Worldwide, where she designed and developed web applications to support searching and booking flights, hotels, and vacation packages.

She earned her J.D., *cum laude*, from the Chicago-Kent College of Law, M.S. in electrical and computer engineering from Purdue University; and B.S. in electrical and computer engineering, *magna cum laude*, from Florida Institute of Technology.



### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
sraghavan@bannerwitcoff.com

### Education

B.S. 2006, Florida Institute of  
Technology  
M.S. 2008, Purdue University  
J.D. 2015, Chicago - Kent College of  
Law

### Bar Admissions

2015, Illinois

### Practice Areas

Counseling, Opinions & Licensing  
Patent Prosecution

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods





## ROBERT H. RESIS

### Attorney

Robert Resis has over 29 years of experience in successfully representing clients in a wide variety of intellectual property matters. Mr. Resis' practice includes trial and appellate work. Mr. Resis was part of the trial team in *Amgen Inc. vs. Chugai Pharmaceuticals, et al.*, a leading biotechnology patent case (including a significant role in preparing Amgen's winning post-trial brief).

Mr. Resis' accomplishments include the following:

In 2013-15, Mr. Resis assisted a large research and development organization in obtaining worldwide patents for processes for production of useful fuels from renewable sources.

In 2012, Mr. Resis requested for a large pharmaceutical client an *inter partes* reexamination against a patent asserted by a competitor. The Patent Office rejected all of the claims of the asserted patent in the reexamination, and in 2013, after Mr. Resis filed third-party requester comments, sustained the rejection of all claims in a Right to Appeal Notice. Thereafter, the competitor stipulated to dismissal with prejudice of its infringement suit against Mr. Resis' client, thereby saving his client litigation costs and a trial. In 2015, the PTAB affirmed the rejection of all claims.

In 2012, Mr. Resis obtained for an ecommerce client a dismissal of Digital Millennium Copyright Act (DMCA), Lanham Act, and state claims that had been filed against it by another ecommerce business. In 2013, Mr. Resis obtained a dismissal of the DMCA claim and a copyright claim based on an asserted work that had been filed in an Amended Complaint. The case settled shortly after the court's dismissal of claims of the Amended Complaint.

In 2011, Mr. Resis requested *ex parte* reexamination for a client against a patent that was later asserted by a competitor. The Patent Trial and Appeal Board affirmed the Examiner's rejection of all of the claims of the asserted patent in the reexamination. The competitor did not file a further appeal, and Mr. Resis' client can practice all of the claims of the asserted patent without any liability risk.

In 2010, Mr. Resis prepared pretrial and trial papers to help obtain a jury verdict of over \$19 million in patent infringement damages for a firm client against a competitor. The jury verdict was upheld by the district court after denying the competitor's post-trial motions. Thereafter, the case settled favorably for the firm client.

In 2010, after limited discovery, Mr. Resis obtained an agreed order of dismissal with prejudice of a non-practicing entity's claims of patent infringement that had been filed against a firm client in connection with its on-line order and delivery business. The firm client did not pay the NPE any money and did not take a license.

In 2009, Mr. Resis requested for a transportation client an *ex parte* reexamination against patent claims previously asserted by the practicing patent owner against a competitor. The Patent Office rejected all of the claims in Mr. Resis' request. In 2013, the Patent Trial and Appeal Board sustained the rejection of all claims in Mr. Resis' request, and the practicing patent owner did not file a further appeal. Thereafter, the Patent Office issued a Reexamination Certificate that canceled all of the claims in Mr. Resis' request, and Mr. Resis' client can practice the canceled claims without risk of being sued for infringement of those claims.

In 2009, Mr. Resis successfully defeated a motion by an accused infringer to stay a case pending *inter partes* reexamination. The case settled shortly after the motion to stay was denied.

In 2009, Mr. Resis prepared pre- and post-trial papers in helping to obtain and maintain a jury verdict in favor of a firm client that all the patent claims asserted by the opposing party were invalid for obviousness.

Mr. Resis takes pride in successfully representing clients against larger, well-financed opponents. For example, Mr. Resis achieved the successful enforcement of a patent in Texas for a small startup company against a multimillion-dollar defense effort by the primary and decades-long vendor in the industry. He achieved this success within 18 months of filing suit and despite summary judgment and patent reexamination efforts by the defendant. Mr. Resis' firm prosecuted the successfully enforced patent. *Southwest Die Corp. v. Ontario Die Company Limited*, Civil Action No. EP-01-CA-0204-PRM (W.D. Tex.).



### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
resis@bannerwitcoff.com

### Education

B.S.Ch.E. 1980, University of Illinois  
J.D. 1986, Northwestern University

### Bar Admissions

1986, Illinois

### Court Admissions

Supreme Court of Illinois  
U.S. Court of Appeals for the Federal Circuit  
U.S. District Court for the Eastern District of Michigan  
U.S. District Court for the Northern District of Illinois  
U.S. District Court for the Northern District of Illinois, Trial Bar  
U.S. Supreme Court

### Practice Areas

Counseling, Opinions & Licensing  
Jury Trials  
Litigation  
Patent Post-Issuance Proceedings  
Patent Prosecution

### Industries

Chemistry & Chemical Engineering  
Life Sciences & Pharmaceuticals  
Medical Devices

Mr. Resis is also experienced in the procurement, counseling and licensing aspects of intellectual property rights. He has successfully prosecuted patents in a variety of arts, including the chemical, medical device, and pharmaceutical arts. He has also effectively implemented the post-grant review procedures of the Patent Office to the benefit of the firm's clients, including clients involved in litigation. Mr. Resis also assists clients with strategic planning and patent-portfolio management.

Mr. Resis received his B.S. in Chemical Engineering from the University of Illinois. Between college and law school, he worked as a refinery process engineer at Chevron U.S.A. Mr. Resis earned his J.D. from Northwestern University and is admitted to practice before the U.S. Supreme Court, the U.S. Court of Appeals for the Federal Circuit, the Supreme Court of Illinois, the Northern District of Illinois and numerous other U.S. District Courts. He is registered to practice before the U.S. Patent and Trademark Office, and is a member of several professional associations, including the Intellectual Property Owners Association.

Mr. Resis is the author of "Preliminary Relief in Patent Infringement Disputes," published by the ABA in 2011. Mr. Resis is a contributing author of the book "Patent Claim Construction in the Federal Circuit," published by the Intellectual Property Law Association of Chicago (2012, 2015 and 2016 Editions). Mr. Resis is also the author of numerous articles on intellectual property law, including "Lessons to Learn from Post-KSR Pharmaceutical Obviousness Decisions," *ABA Landslide* (Nov./Dec. 2009 Vol. 2, No. 2), "Reducing the Need for Markman Determinations," *John Marshall Law School Review of Intellectual Property Law* (Fall 2004) (his proposal to require patent applicants to declare during prosecution whether they are relying on 35 U.S.C. 112, paragraph 6 and to identify the corresponding structure, material or acts for performing the specified function was adopted by the U.S. Patent Office in its 2006 rules for Accelerated Examination), "History of the Patent Troll and Lessons Learned," *ABA Intellectual Property Litigation* (Winter 2006), and "Solutions for Reducing Patent Application Pendency," *John Marshall Law School News Source* (Spring 2006).

Mr. Resis is Vice President of the West Northfield School District 31 Board of Education.

Mr. Resis practices in the Chicago office of Banner & Witcoff, Ltd., where he has spent his entire legal career.



## PAUL M. RIVARD

### Attorney

Paul M. Rivard focuses on identifying and strategically procuring intellectual property protection for new technologies, counseling clients in all aspects of intellectual property law, licensing, and contested matters. He works closely with clients in portfolio management with a view toward developing appropriate strategies to achieve business objectives. Representative technologies include plastics and polymer chemistry, molding and coating technologies, chemical manufacturing, packaging materials, pharmaceuticals, ceramics, fiber-reinforced thermoplastics, ink compositions, and agricultural sciences.

Paul has extensive experience in all phases of patent practice before the U.S. Patent and Trademark Office, including *ex parte* prosecution, appeals, reexamination proceedings, and post-grant proceedings before the Patent Trial and Appeal Board. Paul also has represented clients in intellectual property litigation before the U.S. District Courts and the U.S. Court of Appeals for the Federal Circuit.

Paul is active in the American Bar Association, having authored *amicus curiae* briefs for the ABA in patent cases before the U.S. Supreme Court, including *KSR v. Teleflex*. Prior to entering private practice, he served as a Patent Examiner in the U.S. Patent and Trademark Office, where he examined applications in the chemical arts.

A native of Buffalo, NY, Paul earned a Juris Doctor, *cum laude*, from Catholic University in Washington, D.C., and a Bachelor of Science in chemical engineering from Clarkson University in Potsdam, New York.

Paul is licensed to practice law in Virginia and in the District of Columbia. He is registered to practice before the U.S. Patent and Trademark Office and is admitted to practice before the U.S. Supreme Court, the U.S. Court of Appeals for the Federal Circuit, the U.S. Court of Appeals for the Fourth Circuit, and the U.S. District Court for the Eastern District of Virginia.

Paul practices in the Washington, D.C. office of Banner & Witcoff, Ltd.



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T (202) 824-3000  
F (202) 824-3001  
privard@bannerwitcoff.com

### Education

B.S. 1992, Clarkson University  
J.D. 1998, Catholic University

### Bar Admissions

1998, Virginia  
1999, District of Columbia

### Court Admissions

U.S. Court of Appeals for the Federal Circuit  
U.S. Court of Appeals for the Fourth Circuit  
U.S. District Court for the Eastern District of Virginia  
U.S. Supreme Court  
U.S. Patent and Trademark Office

### Practice Areas

Counseling, Opinions & Licensing  
Patent Interferences  
Patent Post-Issuance Proceedings  
Patent Prosecution

### Industries

Chemistry & Chemical Engineering  
Life Sciences & Pharmaceuticals



## CAMILLE SAUER

### Attorney

Camille Sauer represents clients in all facets of technology protection and commercialization, focusing on utility and design patent procurement and intellectual property counseling. Her practice encompasses a wide range of technologies, including mechanical and electrical devices, consumer products, renewable energy technology, aerospace systems, medical devices and business methods. Camille also has experience in researching and analyzing legal and technical issues, preparing freedom to operate, non-infringement and invalidity opinions for utility patents, and assisting in various phases of IP litigation, post-grant proceedings and counseling.



Camille draws on several years of engineering and product development experience. Prior to and during law school, she was an aero-thermal engineer at Pratt & Whitney, a United Technologies Corporation company, where she engaged in design, development and testing of afterburner and nozzle engine components for the F-35 Lightning II and the F-22 Raptor.

Camille graduated from the Georgia Institute of Technology with a B.S. in Aerospace Engineering, with honors. During her undergraduate career, she held co-op positions with several aerospace companies and served as a research assistant in the Aerospace Engineering Department. She earned her J.D. from the University of Connecticut School of Law, with a certificate in Intellectual Property. Throughout law school she demonstrated a commitment to intellectual property, serving as a student associate for the law school's Intellectual Property and Entrepreneurship Law Clinic in representing small businesses and independent inventors in their patent prosecution matters, as president of the Intellectual Property and Technology Law Society, and as a law clerk for a number of IP law firms. In addition, Camille presented on *The Patent Law Treaties Implementation Act and the International Protection of Industrial Design* for the WIPO Advanced Research Forum on Intellectual Property in Geneva, Switzerland in May 2013.

*Ms. Sauer is admitted to practice in the State of Connecticut. Practice in the District of Columbia is limited to matters and proceedings before federal courts and agencies.*

### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
csauer@bannerwitcoff.com

### Education

B.S. 2007, Georgia Institute of  
Technology  
J.D. 2014, University of Connecticut

### Bar Admissions

2014, Connecticut

### Court Admissions

U.S. Patent and Trademark Office

### Practice Areas

Counseling, Opinions & Licensing  
Design Patents  
Litigation  
Patent Prosecution  
Trade Secrets  
Trademarks

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods  
Medical Devices



## CHARLES W. SHIFLEY

### Attorney

Over a full career, Charles Shifley has concentrated on intellectual property cases and trials. Recently, Charles and a team gained the transfer of an ongoing patent case from the home base of Caterpillar in Peoria to a neutral court in Las Vegas. See 2012 WL 6618602. Earlier counsel had failed in a motion to dismiss from Peoria. Charles and a team also kept the ongoing defense of a motorcycle manufacturer away from risks of a jury by diverting the patent dispute into arbitration. Charles has been succeeding for patent owners in patent post-grant proceedings, putting requesters in situations worse for them than if they had not started proceedings they expected to win for them. See USPTO 95/001600, 95/000437, 95/000467. Charles enjoys juries, avoiding juries, fast-paced efforts, and resolutions that involve allowing others to act and events to occur in their own time. Last year, Charles and a team brought to a settlement a multi-year defense of a large automotive company against patent infringement for duplicating the products of a terminated supplier in 2008. Injunction efforts were defeated and the settlement was less than 6% of the supplier's demand, at one-third the supplier's legal fees. Earlier, Charles avoided litigation altogether by engaging opponents as needed and appropriate, while having third parties have priority and defeat the opponents, and even simply watching as windows of liability closed from passages of time.

In contrast, Charles is skilled in gaining fast relief for clients in difficult situations. Charles and a team brought the urgent enforcement of a patent for a construction industry company to a successful result in eight months, on a patent Charles had gained for the company. See Civil Action No. 4:07-cv-2099 (E.D.Mo.) Charles and teams of lawyers have gained preliminary injunctions on a once-lapsed patent, see 56 USPQ2d 1329, a just-issued patent, see 53 USPQ2d 1547, and a patent in an uncertain market, see 2006 U.S. Dist. LEXIS 4910. Earlier, Charles directed a team of lawyers for an arbitration in the digital video disk and movie industries, within 16 days of notice of arbitration. The arbitration settled on the 16th day, in major part because of the speed and thoroughness of the preparation. Charles also gained two trademark preliminary injunctions, see 48 USPQ2d 1299 and 45 USPQ2d 1846. Similarly, Charles and a team brought the defense of a major instant message provider against a \$160M patent claim to a successful early summary judgment and resulting settlement. See Civil Action 04C4240 (N.D.I.). Charles and a trial team successfully enforced IP rights for a start up company against a multimillion-dollar defense effort. Charles also successfully defended an Internet music delivery company, successfully defended a rail supply company, and successfully ended an offensive case for a pharmaceutical software provider. Charles has gained several other early injunctions and seized counterfeit goods within hours of filing suits and within a day of contact with clients having problems to solve. In a case including a jury trial, Charles and his trial team proved willful patent infringement and had a permanent injunction in place 11 months after filing suit.

Where extended efforts are required, Charles provides them. Charles and a team brought the defense of the automotive industry and the nation's largest automotive supplier to a successful, affirmed summary judgment against patent infringement. See 501 F.3d 1274. Earlier, a trial team under his direction won an affirmed \$6M jury verdict for willful patent and copyright infringement and breach of a shrink-wrap agreement. See 302 F.3d 1334. Charles also won an affirmed multi-million dollar jury award for willful patent infringement and attorneys fees. See 9 F.Supp.2d 601, 1999 U.S. App. LEXIS 8584, and 189 F.3d 1327. Charles and a team brought the defense of a major building systems provider against a \$200M trade secret misappropriation claim through extended arbitration discovery and to a successful settlement. See Civil Action 3:07CV312 (N.D.Tex.). Charles was also co-counsel in a trial defeating patent infringement claims, see 65 F.Supp.2d 757, and defended the judgment on appeal, 56 USPQ2d 1445. Earlier, and at a jury trial, Charles and a team of lawyers won an affirmed permanent injunction and \$1M patent infringement award. See 61 USPQ2d 1152. Charles has also gained an important 7th Circuit trademark decision by appeal, see 362 F3d 986.

Charles has served as lead and co-counsel in numerous successful trials and appeals for Fortune 100 and additional companies, across the country. Technical subjects have included in-building wireless systems; airbag actuation electronics; Internet delivery software; digital video disks; photochemistry; photographic software; engines, electronic components, and automotive hardware; human heart pacemakers and defibrillators; welding equipment; computerized controls; high technology valves; industrial franchise operations; high-technology metal casting and consumer goods. He has generated several large claims for damages, including one for \$30 million based on \$300,000 in accused sales. He has been consistently sensitive to costs and client communication.



### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
cshifley@bannerwitcoff.com

### Education

B.S.M.E. 1973, Ohio State University  
J.D. 1976, Ohio State University

### Bar Admissions

1976, Illinois

### Court Admissions

Supreme Court of Illinois  
U.S. Court of Appeals for the Federal Circuit  
U.S. Court of Appeals for the Seventh Circuit  
U.S. District Court for the Eastern District of Michigan  
U.S. District Court for the Eastern District of Wisconsin  
U.S. District Court for the Northern District of Illinois  
U.S. District Court for the Central District of Illinois

### Practice Areas

Appellate Litigation  
Copyright  
Counseling, Opinions & Licensing  
Jury Trials  
Litigation  
Patent Interferences  
Patent Post-Issuance Proceedings  
Trademarks

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods  
Life Sciences & Pharmaceuticals  
Medical Devices

In addition, Charles has also developed capable counseling, negotiation, settlement and patent procurement strategy skills, see USPTO 13/116851, and prepared opinions and gained clients many valuable contracts concerning patents, trademarks, copyrights, trade secrets, and franchises. He is proud to have had a client grow from startup to \$25M in sales in a short time on the strength of its inventions, patents he gained, and patent enforcement suits he successfully pursued. He is also proud to have brought an individual inventor patent license royalties in excess of \$1M, for a single and simpler invention.

Mr. Shifley speaks on patent litigation and related matters, and authors articles espousing critical thinking in handling intellectual property concerns. He has taught pretrial, trial and appellate advocacy at Northwestern University, Georgetown, John Marshall of Chicago, and Chicago Kent Colleges of Law, with Federal Circuit Court of Appeals Chief Judge Paul Michel among others, and taught Law for Engineering Managers at Northwestern for many years. He is currently an Adjunct Professor at John Marshall Law School, Chair of the Amicus Committee of the Intellectual Property Law Association of Chicago, and past President of the Richard Linn American Inn of Court. Charles has represented IPLAC in several U.S. Supreme Court, Federal Circuit and Illinois Supreme Court cases on issues including patent-eligible subject matter, patent damages, jurisdiction, and inequitable conduct. See Supreme Court 11-1118, Federal Circuit 2011-1301, 2011-1363, 2012-1548 and Illinois 112910.

Charles earned a Bachelor of Science degree in Mechanical Engineering, summa cum laude, and a Juris Doctor degree, cum laude, both from The Ohio State University, in his home state.

Mr. Shifley practices in the Chicago office of Banner & Witcoff, Ltd.



## BENJAMIN C. SPEHLMANN

### Attorney

Ben Spehlmann has extensive experience in intellectual property matters, particularly in client counseling, patent drafting/prosecution, and opinion work in the chemical, pharmaceutical, and biotechnology arts. Mr. Spehlmann has successfully represented clients in complex *inter partes* reexamination proceedings and also before the Board of Patent Appeals. He gained allowance of a number of commercially important patents, including U.S. Patent No. 7,578,993, chosen as the Honeywell 2010 Patent of the Year.

Mr. Spehlmann has significant technical expertise in all aspects of refining and petrochemical processes, as well as biofuel synthesis from thermal (pyrolytic) and catalytic routes. This experience was gained from working for 12 years in R&D at UOP, LLC (a major licensor of technology in these industries), including the start-up, operation, and monitoring of commercial process units to ensure the realization of performance guarantees specified in licensing agreements. Mr. Spehlmann has drafted and prosecuted numerous patent applications relating to fuel production from both petroleum and bio-derived sources, in addition to representing clients in reexaminations of patents in these areas, both from the patent owner and requester side.

Mr. Spehlmann is admitted to practice before the U.S. Patent and Trademark Office. He earned a B.S. in Chemical Engineering in 1988 from the Massachusetts Institute of Technology, an M.B.A., *with distinction*, in 2000 from the Kellogg Graduate School of Management at Northwestern University, and a J.D. from Georgetown University in 2004.

Mr. Spehlmann is a named inventor on two U.S. patents. U.S. Patent No. 5,962,735 is a design-around of a patent held infringed, with a multi-million dollar damage award to the patentee. *Hoechst Celanese Corp. v. BP Chemicals Ltd.*, 846 F. Supp. 542 (5th Cir. 1996). U.S. Patent No. 5,146,035 relates to achieving oxygenate levels in gasoline, as mandated in the Clean Air Act of 1990.

Mr. Spehlmann has authored the following publications: *Iodide Removal Using Zeolite Based Reactive Adsorption*, Proceeding of the 13th International Zeolite Conference, Montpellier, France (July, 2001); *The Chiyoda/UOP Acetica® Process: A Novel Acetic Acid Technology*, Third Tokyo Conference for Advanced Catalytic Technology, Tokyo, Japan (July, 1998); and *Development of a Catalyst for Conversion of Syngas-Derived Materials to Isobutylene*, Fischer-Tropsch Archive (1996).

Mr. Spehlmann practices in the Washington, DC office of Banner & Witcoff, Ltd.



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
bspehlmann@bannerwitcoff.com

### Education

B.S., Ch.E. 1988, Massachusetts  
Institute of Technology  
M.B.A. 2000, Northwestern University  
J.D. 2004, Georgetown University

### Bar Admissions

2004, Virginia  
2005, District of Columbia

### Court Admissions

Supreme Court of Virginia  
U.S. Court of Appeals for the District  
of Columbia  
U.S. District Court for the Eastern  
District of Virginia

### Practice Areas

Patent Prosecution

### Industries

Chemistry & Chemical Engineering  
Life Sciences & Pharmaceuticals

## RICHARD S. STOCKTON

### Attorney

Richard Stockton has substantial experience with intellectual property counseling, litigation and prosecution matters.

He provides tactical and strategic advice to clients based on a broad range of experience stemming from large and small patent, copyright and trademark litigations, preparation of opinions, prosecution work, general counseling and the management of portfolios, including a portfolio with more than 2000 properties.

With regard to prosecution, he has obtained more than 1000 US design patents, trademark registrations, copyright registrations and utility patents for clients. Richard writes and presents on various intellectual property topics, from basic trademark and America Invents Act overviews to detailed assessments of ICANN's generic top level domain liberalization and the Hague System for international design registration.

Internationally, Richard manages thousands of intellectual properties in more than 70 foreign jurisdictions, has experience with mass multi-jurisdictional transfers of properties between entities, and has visited more than 70 countries.

Richard earned a Bachelor of Science degree in Electrical Engineering from the University of Illinois at Urbana-Champaign in 1997, where he was a member of the Mortar Board, Eta Kappa Nu, Knights of St. Patrick and Senior 100 honor societies.

Richard graduated, *cum laude*, from the University of Illinois College of Law in 2000, where he was the Editor-in-Chief of *The University of Illinois Journal of Law, Technology & Policy* and the Legislation Editor of the Illinois Law Update section of *The Illinois Bar Journal*. He participated in the Giles S. Rich Intellectual Property Moot Court competition, was a founding editor of *Modern Trends in Intellectual Property* and received a Rickerts award.

Richard continues his involvement with the University of Illinois as a member of the Athletic Board and as a member of the President's Council, Chancellor's Circle and Cribbet Society. He also served on the Board of Visitors for the College of Law, Board of Directors of the University of Illinois Law Alumni group, and was a member of the Campus Alumni Advisory Board. He has also volunteered for the Division of Intercollegiate Athletics and the Illinois Imprint leadership program, has mentored dozens of students, and regularly returns to campus to discuss careers in patent law.

In 2012, Northwestern University School of Law appointed Richard as an Adjunct Professor, where he co-teaches "Intellectual Property Pre-Trial Litigation Skills." Richard taught the same course as an Adjunct Professor at Georgetown University Law Center from 2005-2011. He also serves on the Midwest Coordinating Committee for the INTA-sponsored Saul Lefkowitz Trademark Moot Court Competition, and has been a panelist, moderator or speaker at the University of Illinois College of Law, Northwestern University School of Law, Chicago-Kent College of Law and The John Marshall Law School. Richard is also a co-chair of the Technology for the Litigator committee of the American Bar Association's Section of Litigation.

Richard also has experience with governmental relations. He has drafted legislation for members of the Illinois General Assembly, including P.A. 91-778, which substantially amended the University of Illinois Board of Trustees Act. Richard also interned for a Congressman in Washington D.C. and served as a legislative extern to the Illinois House of Representatives.

Richard has been named an "Illinois Super Lawyers Rising Star," which touts the state's top 2% of up-and-coming attorneys under the age of 40.

Richard is admitted to the Illinois State Bar and is also admitted to practice in the U.S. Patent and Trademark Office as a registered patent attorney. He is a member of the American Bar Association, Illinois State Bar Association, International Trademark Association and the American Intellectual Property Law Association.

Richard practices in the Chicago office of Banner & Witcoff, Ltd.



### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
rstockton@bannerwitcoff.com

### Education

B.S. 1997, University of Illinois  
J.D. 2000, University of Illinois

### Bar Admissions

2000, Illinois

### Court Admissions

U.S. District Court for the Northern  
District of Illinois  
U.S. Patent and Trademark Office

### Practice Areas

Copyright  
Counterfeit Goods Seizure  
Design Patents  
Litigation  
Trade Dress  
Trademarks

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods





## J. PIETER VAN ES

### Attorney

Pieter van Es has over twenty years of experience in intellectual property enforcement, counseling and procurement. He has worked on matters involving patent, trademark, trade dress, copyright, trade secret and antitrust issues.

Pieter has handled intellectual property disputes in trials and preliminary injunction hearings, conducted complex discovery and briefed successful motions and appeals. His experience has ranged from ex parte seizures of counterfeit goods to advantageous settlement of disputes in court supervised settlement hearings. He has procured and licensed patents and trademarks for clients in a wide variety of fields. The subject matter of his work has included electronic sensors and monitors, medical and diagnostic devices, audio electronics, telecommunications equipment, lighting fixtures, internet content delivery networks, processed food, healthcare products, sporting goods and software.

Pieter has been selected as an "Illinois Super Lawyer" nearly every year since 2005. The Super Lawyers list represents the top 5% of Illinois lawyers, as chosen through a peer balloting process involving 47,000 lawyers from across Illinois, and through a research and review panel organized by *Law & Politics* magazine. *Law & Politics* asked the attorneys to name the best lawyers they personally observed in action.

Pieter taught intellectual property litigation as an adjunct professor of law at Northwestern Law School in Chicago and the Georgetown University Law Center in Washington, D.C. He earned a Bachelor of Science degree in Electrical Engineering and a Bachelor of Arts degree in Economics both from the University of Illinois at Urbana-Champaign in 1989. He graduated, *magna cum laude*, from the University of Illinois College of Law in 1992.

Pieter is a registered patent attorney and is admitted to practice in the states of Illinois and California. He also is admitted to practice before the Court of the Appeals for the Federal Circuit, numerous other federal courts and the Illinois Supreme Court. He practices out of the Chicago office of Banner & Witcoff, Ltd.



### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
pvanes@bannerwitcoff.com

### Education

B.S. 1989, University of Illinois  
B.A. 1989, University of Illinois  
J.D. 1992, University of Illinois

### Bar Admissions

1992, Illinois  
2007, California

### Court Admissions

Supreme Court of Illinois  
U.S. Court of Appeals for the Federal Circuit  
U.S. Court of Appeals for the Fifth Circuit  
U.S. Court of Appeals for the Ninth Circuit  
U.S. Court of Appeals for the Seventh Circuit  
U.S. District Court for the Northern District of Illinois

### Practice Areas

Jury Trials  
Litigation  
Patent Post-Issuance Proceedings  
Section 337/ITC Litigation  
Trademarks

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business Methods



## BRADLEY J. VAN PELT

### Attorney

Brad Van Pelt concentrates on prosecution, counseling, and litigation in all areas of intellectual property. Brad has wide-ranging experience in prosecution and counseling. He has years of patent drafting experience in the mechanical, software, and business method arts. He frequently prepares freedom-to-practice opinions, and has served on successful patent litigation teams in obtaining favorable rulings for clients. In addition to his utility patent practice, Brad also has extensive experience in procuring design patents and is active in the design patent bar. He was also named to the 2014, 2015, and 2016 Illinois Super Lawyers Rising Stars, which include only the top 5 percent of attorneys in the state.



Brad assists clients with creative strategies in developing strong patent portfolios both domestically and internationally. Brad leverages his experience as a former examiner to creatively advance applications to grant. He has also presented at numerous conferences on creative strategies in advancing applications and development of prosecution strategies in light of the America Invents Act.

Brad has prepared and prosecuted software-oriented applications directed to security, networking, audio monitoring, cash handling devices, business methods, and graphical user interfaces and mechanical applications directed to merchandizing systems, transducers, microphones, earbuds, medical devices, insulation devices, sporting equipment, composite materials, container handlers, and dispensers.

Prior to his role at Banner & Witcoff, Brad was a patent examiner at the U.S. Patent and Trademark Office in the early 2000s. While at the Patent and Trademark Office, Brad examined patent applications directed to the mechanical arts, especially in the automotive, transportation, and power generation arts. Brad served in the chambers of the Honorable Richard Linn of the United States Court of Appeals for the Federal Circuit, which hears all patent appeals in the United States. Brad was also a design engineer for Sub-Zero Freezer Company where he designed testing equipment for digital refrigeration components and software.

He earned his undergraduate degree in Mechanical Engineering from the University of Wisconsin-Madison in 2002. He was awarded his J.D. degree from Georgetown University in 2007.

Brad is registered to practice before the U.S. Patent and Trademark Office, and is admitted to practice in Illinois. He practices in the Chicago office of Banner & Witcoff, Ltd.

### Presentations

- "Best Practices for Corporate Counsel: Economically Protecting Your Inventions," at WITCON, Banner & Witcoff's Corporate Intellectual Property Seminar in 2015
- "The Total User Experience: Improving the Content and Quality of Your Company's Patent Application Post-AIA" at WITCON, Banner & Witcoff's Corporate Intellectual Property Seminar in 2014
- "The Total User Experience: Improving the Content and Quality of Your Company's Patent Application Process Post-AIA" at the MIP Conference in Washington, D.C. in 2014
- "Two Sides of Patents: Getting Stronger Patents for Your Company and Alternative Ways to Defend Against Patent Litigation," at the ACC Chicago CLE Program in Rosemont, IL and in Chicago in 2014
- "The Total User Experience: Improving the Content and Quality of Your Company's Patent Application Process Post-AIA" in a Banner & Witcoff/BNA webinar in 2013
- "Emergency IP: Expediting the Granting of Patent Rights" at WITCON, Banner & Witcoff's Corporate Intellectual Property Seminar in 2012

### Articles

- "4 Times to File a Continuation Patent Application," *Law360*, March 17, 2016
- "Preparing for the Obvious at the PTAB," *Law360*, June 30, 2015
- "Challenging and Defending Obviousness at the PTAB," *IP Update*, Spring/Summer 2015
- "AIA Toolbox: Intake, Checklists, and Faster Drafting Techniques," *IP Update*, Fall/Winter 2014

### Office

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606-7407  
T 312.463.5000  
F 312.463.5001  
bvanpelt@bannerwitcoff.com

### Education

B.S. 2002, University of Wisconsin  
J.D. 2007, Georgetown University

### Bar Admissions

2007, Illinois

### Court Admissions

U.S. Patent and Trademark Office

### Practice Areas

Copyright  
Counseling, Opinions & Licensing  
Litigation  
Patent Prosecution  
Trademarks

### Industries



## BRADLEY C. WRIGHT

### Attorney

Brad Wright concentrates on prosecution, litigation and counseling in patent and copyright matters, especially in the electrical and computer areas, including Internet and e-commerce. He has drafted and prosecuted numerous patent applications in such technologies as computer hardware and software, cable TV systems, electrical devices, facsimile systems, neural networks, smart cards, Internet applications, operating systems, computer games, business methods, mobile telephones, and video processing techniques. In 2010, two patents drafted by Mr. Wright were successfully asserted in litigation, resulting in a \$200 million settlement.

Brad has also won several appeals before the Board of Patent Appeals and Interferences. He represents clients in district court litigation including patent, copyright and trademark matters. He has also successfully argued and briefed appeals before the U.S. Court of Appeals for the Federal Circuit. He has also provided clients with infringement, validity and patentability opinions in numerous different technical areas. Additionally, Brad is experienced with protecting inventions overseas under patent treaties and conventions.

Mr. Wright is a former law clerk to the Honorable William C. Bryson of the Court of Appeals for the Federal Circuit, which hears all patent appeals in the United States. He earned his electrical engineering degree from the Massachusetts Institute of Technology and his law degree, with *distinction*, from George Mason University, where he graduated as the top student in the Patent Law Track and was a member of the Law Review. After earning his electrical engineering degree, Brad worked as an electrical engineer and software engineering manager for E-Systems, which is now part of Raytheon Corp. In that position, Brad developed novel algorithms relating to signal intelligence and specialized hardware, and worked on database projects including an object-oriented database.

Mr. Wright is registered to practice before the U.S. Patent and Trademark Office. He is admitted to the bars of the Supreme Court, the Court of Appeals for the Federal Circuit, and is a member of the Virginia and District of Columbia bars. Brad is also active in the American Intellectual Property Law Association, where he co-chaired the Software Patent Subcommittee of the Emerging Technologies Committee. He is also a member of the Institute of Electrical and Electronic Engineers and the American Bar Association, where he chaired subcommittees relating to business method patents, patent litigation, and multimedia and interactive technology. Additionally, Brad has been an adjunct professor of law at George Mason University School of Law, where he has taught copyright and patent law.

Mr. Wright was the President of the Patent Lawyers Club of Washington. He has published numerous articles and has given speeches before various organizations regarding intellectual property law.

Mr. Wright served as Editor-in-Chief and a chapter author of *Drafting Patents for Litigation and Licensing*, published by BNA Books in 2008. This book, the first of its kind, was written to help patent practitioners draft the broadest possible patent that can sustain a validity challenge by synthesizing and applying lessons from the case law.

Mr. Wright earned a 2016 Martindale-Hubbell® AV Preeminent™ Rating and was selected by Martindale-Hubbell as a 2015 Top Rated Lawyer in DC-Baltimore. Mr. Wright was selected to the Washington D.C. *Super Lawyers* list in 2015, and was named one of the World's Leading IP Strategists by *Intellectual Asset Management* magazine. He is listed as a leader in intellectual property law in the 2016 edition of *Best Lawyers in America*. He is recognized by *Managing Intellectual Property* as a 2015 IP Star.

Mr. Wright practices in the Washington, D.C. office of Banner & Witcoff, Ltd.

### Sample Articles and Publications

"Patent Developments for IT Practitioners," presented at the *2015 Virginia Information Technology Legal Institute* (October 9, 2015)

"Recent Developments in Patent Law," presented at *The D.C. Bar's 2014 IP Law Year in Review Series* (December 9, 2014)

"Patent Developments for IT Practitioners," presented at the *2014 Virginia Information Technology Legal Institute* (October 10, 2014)



### Office

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005-4051  
T 202.824.3000  
F 202.824.3001  
bwright@bannerwitcoff.com

### Education

B.S.E.E. 1984, Massachusetts  
Institute of Technology  
J.D. 1994, George Mason University

### Bar Admissions

1994, Virginia  
1995, District of Columbia

### Court Admissions

U.S. Circuit Court of Appeals for the  
Federal Circuit  
U.S. Court of Appeals for the Fourth  
Circuit  
U.S. Court of Appeals for the Sixth  
Circuit  
U.S. District Court for the District of  
Columbia  
U.S. District Court for the Eastern  
District of Virginia  
U.S. Patent and Trademark Office  
U.S. Supreme Court

### Practice Areas

Appellate Litigation  
Copyright  
Litigation  
Patent Prosecution

### Industries

Electrical & Computer Technologies  
Internet, E-Commerce & Business  
Methods

"Functional Claiming," presented at the *2014 9th Annual Advanced Patent Law Institute* (January 23-24, 2014)

"Developments in Patent Law 2013," presented at *The D.C. Bar's 2013 IP Law Year in Review Series* (December 11, 2013)

"Patent Developments for IT Practitioners," presented at the *2013 Virginia Information Technology Legal Institute* (September 27, 2013)

"Changes Coming to U.S. Patent Law," *Bloomberg BNA Books Monitor* (February 27, 2013)

"Federal Circuit Appears Split on Patentability of Computer-Implemented Business Methods," *Banner & Witcoff IP Alert* (February 11, 2013)

"Patent Developments for IT Practitioners," presented at the *2012 Virginia Information Technology Legal Institute* (September 28, 2012)

"Developments in Patent Law," presented at John Marshall Law School's *56th Anniversary Conference on Developments in Intellectual Property Law* (February 24, 2012)

"Developments in Patent Law 2011," presented at *The D.C. Bar's 2011 IP Law Year in Review Series* (December 13, 2012)

"Patent Developments for IT Practitioners," presented at the *2011 Virginia Information Technology Legal Institute* (September 23, 2011)

"Drafting Patents for Litigation and Licensing, with 2011 Cumulative Supplement," *BNA and ABA-IPL* (August 1, 2011)

"Functional Claiming and Functional Disclosure," *Banner & Witcoff IP UPDATE* (Spring/Summer 2011)

"Developments in Patent Law 2010," presented at *The D.C. Bar's 2010 IP Law Year in Review Series* (December 15, 2010)

"Patent Developments for IT Practitioners," presented at the *2010 Virginia Information Technology Legal Institute* (October 8, 2010)

"Supreme Court Eases Test for Patentability in *Bilski v. Kappos*," *Intellectual Property Advisory* (June 28, 2010)

"Recent Developments in IP Law," presented at John Marshall Law School's *54th Annual Conference on Developments in Patent, Trademark, Copyright and Trade Secrets Law* (February 26, 2010)

"Developments in Patent Law 2009," presented at *The D.C. Bar's 2009 IP Law Year in Review Series* (December 18, 2009)

"Supreme Court Hears Argument in *Bilski* Case," *Intellectual Property Advisory* (November 9, 2009)

"Supreme Court Grants Cert in *Bilski* Case," *Banner & Witcoff IP UPDATE* (November 1, 2009)

"Federal Circuit Issues Split Decisions on PTO Continuation Rules," *Banner & Witcoff IP UPDATE* (Spring/Summer 2009)

"Developments in Patent Law," presented at *The D.C. Bar Program on Developments in Intellectual Property Law* (December 2008)

"End of the Road for E-Commerce Patents?," *E-Commerce Times* (May 2008)

"Patents Under Attack," *Executive Counsel* (June 2008)

"Federal Circuit May Clamp Down on Process Patents," *Intellectual Property Advisory* (May 8, 2008).

### **Recent Speaking Engagements**

"2015 Patent Law in Review," DC Bar's IP Year in Review Series, Washington, DC, December 15, 2015.

"Patent Developments for IT Practitioners," Annual Virginia Information Technology Legal Institute, Fairfax, VA, October 9, 2015.

"Recent Developments in Patent Law," DC Bar's Patent Law Year in Review Series, Washington, DC, December 9, 2014.

"Functional Claiming," All Ohio Annual Institute on Intellectual Property, Cincinnati, September 18, 2014.

"Functional Claiming," Annual Advanced Patent Law Institute at the USPTO, Alexandria, VA, January 23, 2014.

"Developments in Patent Law," DC Bar's IP Year in Review Series, Washington, DC, December 11, 2013.

"Patent Developments for IT Practitioners," Annual Virginia Information Technology Legal Institute, Fairfax, VA, September 27, 2013.

"Important Patent-Related Cases Over the Past Year and Their Implications," FICPI's ABC Meeting, New Orleans, May 18, 2013.

"The New Patent Law and More," DC Bar's IP Year in Review Series, Washington, DC, December 11, 2012.

"Patent Developments for IT Practitioners," 2012 Virginia Information Technology Legal Institute, Falls Church, VA, September 28, 2012.

"Recent Developments in Patent Law," John Marshall Law School's 56th Intellectual Property Law Conference, Chicago, IL, February 24, 2012.

"The Corporate Response to New Legislation: Changes in Portfolio Development and Patent Defense Strategies," 2012 Advanced Patent Law Institute at the USPTO, Alexandria, VA, January 19, 2012.

"The New Patent Law and More," DC Bar's IP Year in Review Series, Washington, DC, December 13, 2011.

"IP Basic Training Series: Patents, Trademarks, and Copyrights," D.C. Bar Conference Center, Washington, DC, October 18, 2011.

"Patent Developments for IT Practitioners," 2011 Virginia Information Technology Legal Institute, Falls Church, VA, September 23, 2011.

"Recent Developments in Patent Law," John Marshall Law School's 55th Intellectual Property Law Conference, Chicago, IL, February 25, 2011.

"Functional Claiming and Functional Disclosure," University of Texas at Austin, School of Law's 6th Annual Advanced Patent Law Institute, Alexandria, VA, January 21, 2011.

"Recent Developments in Patent Law," D.C. Bar's 2010 IP Year in Review Series, Washington, DC, December 15, 2010.

"Patent Developments for IT Practitioners," 2010 Virginia Information Technology Legal Institute, Falls Church, VA, October 8, 2010.

"Patentable Subject Matter After Bilski," BNA Webinar, July 8, 2010.

"The Use of Opinion of Counsel as Evidence in Patent Litigation," ABA IPL Section's 25th Annual Intellectual Property Law Conference, Arlington, VA, April 9, 2010.

"Recent Developments in IP Law," John Marshall Law School's 54th Annual Conference on Developments in Patent, Trademark, Copyright and Trade Secrets Law, Chicago, IL, February 26, 2010.

"Recent Developments in Patent Law," D.C. Bar's 2009 IP Year in Review Series, Washington, DC, December 17, 2009.

"Developments in Patent Law, 2008," D.C. Bar's 2008 IP Year in Review Series Part II, Washington, DC, December 10, 2008.

"New Practical Patent Strategies," Virginia Information Technology Center, Waterford, VA, September 26, 2008.



**BANNER & WITCOFF, LTD.**  
INTELLECTUAL PROPERTY LAW

**CHICAGO, IL**

Ten South Wacker Drive  
Suite 3000  
Chicago, IL 60606  
312.463.5000

**WASHINGTON, DC**

1100 13th Street, NW  
Suite 1200  
Washington, DC 20005  
202.824.3000

**BOSTON, MA**

28 State Street  
Suite 1800  
Boston, MA 02109  
617.720.9600

**PORTLAND, OR**

One World Trade Center  
121 Southwest Salmon Street  
11th Floor  
Portland, OR 97204  
503.425.6800