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Patent Year in Review

Presented to SFIPLA

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by Michelle Greer Galloway

attorney advertisement

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Federal Circuit and Supreme Court

- 1982-2000 Supreme Court decided 11 patent cases
- 2000-2015 Supreme Court decided 33 cases (21 from 2010-2015)
- 2013-2015 Supreme Court overturned Federal Circuit 8 times out of 10
 - See Erin Coe, *Federal Circuit Looks to Hold the Line as Supreme Court Eyes IP*, law360.com (July 8, 2016)

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PTAB's Fate

- *Oil States Energy Services LLC v. Greene's Energy Group LLC*, Case No. 16-712 (S. Ct. briefing)
 - Question: whether AIA's IPR violates the Constitution by allowing PTAB, not court, to invalidate patent
 - Theme: patents are private property, not public rights, and therefore can be revoked only by court, not by the executive branch

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PTAB Refuses to Apply *Nautilus*

- Issued precedential decision that it will not use Supreme Court *Nautilus* standard in indefiniteness analysis. *In Re James McAward*, Case No. 2015-006416 (PTAB Aug. 2017)

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Overview

- Pleadings, Standing, Jurisdiction and Venue
- Claim Construction
- Infringement
- Invalidity
- Unenforceability
- Damages
- Discovery/Evidence
- USPTO
- PTAB
- ITC
- Ethics

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Trends

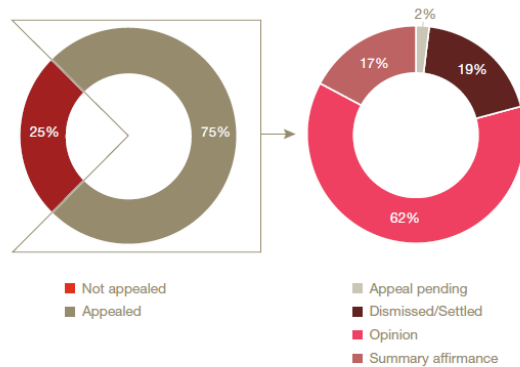
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Overview -- Trends

- 9% fewer patent cases filed in 2016 v. 2015
- 33% Patentee success rate steady
- 52% of appealed decisions were modified in some regard
 - 2017 Patent Litigation Study Change on the horizon?
PwC (May 2017)

Appeal

Fig 20: Status of district court cases: 2006–2014 decisions



Be careful what you wish for: 75% of decisions are appealed—and more than half of appeals overturn one or more aspects of the lower court's decision.

PwC 2017 Patent Litigation Study

International Filings

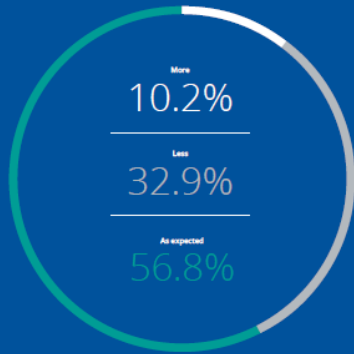
International filing activity was on the rise compared to last year.

Over 41% of those polled filed more than half of their patent applications overseas in 2016 (compared to just 34% filing more than half abroad in 2015). Only 13% declined to file any applications abroad (down from 18% the previous year).

The 2017 Global Patent & IP Trends Indicator, RWS Group, inovia

International Filings

Did you file as many patent applications as expected in 2016?



The 2017 Global Patent & IP Trends Indicator, RWS Group, inovia

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Pleadings, Standing, Jurisdiction, and Venue

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Life Without Form 18

- *Iqbal* and *Twombly* apply and require more than generic identification of an accused product

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Pleading – Infringement

- Lifetime's pleadings sufficient under old and new leadings standards
 - "Trim-Lok's complaints concerning lack of detail ask for too much. There is no requirement for Lifetime to 'prove its case at the pleading stage.'"
 - The patent describes a two-part seal for use in an RV with a slide-out room that is easily adapted, assembled and installed.
 - "Because Lifetime alleged that an agent of Trim-Lok installed the seal onto the RV, and that the resulting seal-RV combination infringed the patent, it alleged that Trim-Lok directly infringed in a manner consistent with our precedents holding that assembling the components of an invention is an infringing act of making the invention."
 - *Lifetime Industries v. Trim-Lok*, Case No. 17-1096 (Fed. Cir. Sept. 7, 2017) (reversed and remanded dismissal of suit)

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Pleading – Joint Infringement

- “We note that Mr. Lyda does not attempt to argue that the Amended Complaint satisfies the Twombly/Iqbal pleading standard outside of relying on Form 18. Because we hold that Form 18 does not apply to claims of joint infringement, and because Mr. Lyda has not plausibly pled a claim of joint infringement in satisfaction of the Iqbal/Twombly pleading standard, we affirm the district court’s dismissal under Rule 12(b)(6).”
- *Lyda v. CBS Corporation*, Case No. 15-1923 (Fed. Cir. Sept. 2016) (affirming dismissal)

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Pleading – District Courts

- Several courts
 - An asserted claim
 - An accused product or process
 - Sufficient factual allegation of infringement

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Straight Path v. Apple (N.D. Cal.)

- NPE alleges FaceTime infringes its patent re “point-to-point communications”
- Direct infringement
 - “True, Apple cannot win judgment on the pleadings as to an entire claim for direct infringement merely because Straight Path failed to allege facts supporting one theory of infringement under the doctrine of equivalents. Straight Path will not, however, be allowed to argue on summary judgment or at trial that Apple directly infringes under the doctrine of equivalents using any theory that has not been adequately disclosed in the infringement contentions pursuant to our Patent Local Rules.”
- Willfulness
 - “In light of Halo’s more flexible standard for enhanced damages under Section 284, Straight Path has pled sufficient factual allegations such that it remains premature to enter judgment of no enhanced damages in Apple’s favor.”
 - *Straight Path IP Group v. Apple*, Case No. 3:16-cv-03582 (N.D. Cal. Sept. 9, 2017) (motion for judgment on pleadings denied)

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No Standing – Not Owner

- Fed. Cir. affirmed dismissal of suit by Max Sound against Google.
 - Max Sound sole plaintiff in suit
 - Vedanti last assignee in chain and current owner
 - Denied leave to amend to add VSL (Vedanti’s parent co) where Vedanti was named plaintiff in original complaint and listed as a co-plaintiff and a defendant in the first amended complaint
 - *Max Sound Corp. v. Google*, Case No. 2016-1620 (Fed. Cir. Jan. 18, 2017) (affirming dismissal)

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No Standing – No Transfer of Substantial Ownership

- SPH America LLC licensed patents from Electronics and Telecommunications Research Institute
 - “[T]his Court finds that the requirement that SPH America act in ETRI’s best interests is a significant restriction on SPH America’s rights.”
 - “In sum, SPH American cannot act in a manner contrary to ETRI’s interests without being subject to a breach of contract claim and loss of the license arrangement. Thus, although ETRI has made SPH America its agent for licensing and litigation, ETRI has not transferred substantial ownership of the patents to SPH America.” (citations omitted)
 - *SPH America LLC v. Huawei Technologies*, Case No. 3:13-cv-02323 (S.D. Cal. April 10, 2017)

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No Standing – Defendant Granted License

- Prior owner, Boeing Co., licensed them to Sony in 2006 under terms that allowed Sony to grant sublicenses to third-party software developers
 - *Acceleration Bay LLC v. Activision Blizzard*, Case No. 1:16-cv-00453 (D. Del. Aug. 24, 2017) (dismissing case for lack of standing)

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Jurisdiction – Notice Letters

- *Xilinx Inc. v. Papst Licensing GmbH and Co. KG*, Case No. 2015-1919 (Fed. Cir. Feb. 15, 2017)
 - Personal jurisdiction proper over Papst
 - Papst a German owned NPE
 - “Papst purposefully directed its activities to California when it sent multiple notice letters to Xilinx and traveled there to discuss Xilinx’s alleged patent infringement and potential licensing arrangements.”

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Venue – *TC Heartland*

- *In re TC Heartland LLC* (S. Ct. May 22, 2017)
 - “We therefore hold that a domestic corporation “resides” only in its State of incorporation for purposes of the patent venue statute.”
- Is this intervening change in law?
 - See *In re: Sea Ray Boats*, Case No. 2017-124 (Fed. Cir. June 9, 2017) (denying writ of mandamus where district court found venue objection waived)

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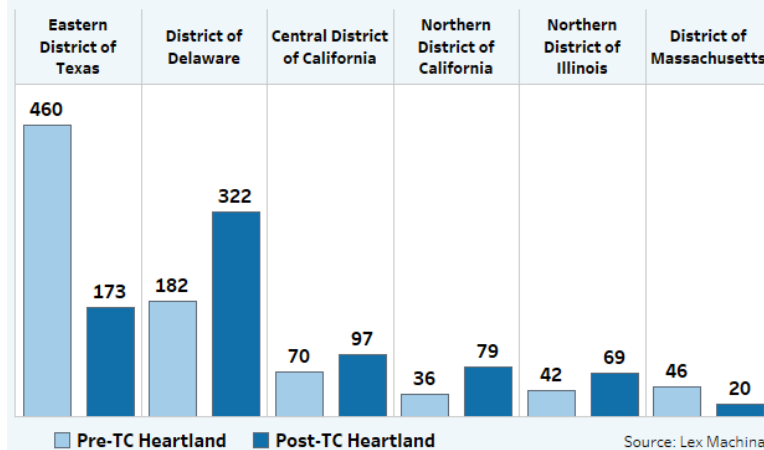
Venue

- 1400(b)
 - “where the defendant resides”
 - “where the defendant has committed acts of infringement and has a regular and established place of business.”

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TC Heartland Reshapes The Patent Map

In the nearly four months since the U.S. Supreme Court’s TC Heartland decision set new rules on where patent suits can be filed, far fewer cases have been filed in the Eastern District of Texas, while Delaware, California and Illinois have seen considerably more compared with the four-month period prior to TC Heartland.



Ryan Davis, Delaware Booming, Texas Fading As TC Heartland Takes Hold, www.law360.com (Sept. 21, 2017)

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Venue and Judge Gilstrap Test

- Judge Gilstrap
 - *Raytheon Co. v. Cray* (E.D. Tex. June 29, 2017) (denied a motion to transfer)
 - Found a single employee in district constituted “regular and established place of business”
 - 4 factor test:
 - Physical presence
 - Extent to which “defendant represents, internally or externally, that it has a presence in the district.”
 - Benefits derived “from its presence in the district, including but not limited to sales revenue.”
 - Extent to which “interacts in a targeted way with existing or potential customers, consumers, users, or entities within a district, including but not limited to through localized customer support, ongoing contractual relationships, or targeted marketing efforts.”

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In re Cray (Fed. Cir. Sept. 2017)

- Fed. Cir. granted writ of mandamus and ordered district court to grant motion to transfer
- “Three general requirements relevant to the inquiry:
 - (1) there must be a physical place in the district;
 - (2) it must be a regular and established place of business; and
 - (3) it must be the place of the defendant.”

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Delaware -- Transfer

- Transferring Case: Company must have a “regular and established place of business” in Delaware “through a permanent and continuous presence here”
 - If only “registered to do business here, or only maintains a website that is accessible in Delaware, or simply ships goods to unaffiliated individuals or third-party entities here, then this district is an improper venue for the lawsuit.”
 - *Boston Scientific Corp. v. Cook Group*, Case No. 1:15-cv-00980 (D. Del. 2017)

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Venue – Court Congestion

- Visiting Judge Kearney has written several opinions referring to the congestion of Delaware court as a factor favoring transfer of venue
 - “Given the limited resources, we find it difficult to justly allocate judicial resources in this District to resolve a dispute between California and North Dakota citizens where there is no connection here other than Apple's single retail location.” *MEC v. Apple*, Case No. 17-223 D. Del. Sept. 15, 2017); See also *Symantec v. Zscaler*, Case No. 17-806 (D. Del. July 31, 2017)

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Delaware -- ANDA

- Facts: Mylan who is not incorporated in Delaware, filed ANDA elsewhere
 - Can suit be brought anywhere Mylan intends to **sell potentially infringing product in future?**
 - Ordered discovery where: Mylan's "business model is in large part predicated upon participating in a large amount of litigation" challenging patent validity
 - "In the court's view, this business reality is a pertinent consideration in assessing whether [Mylan] has a regular and established place of business in Delaware. The fact is that a great deal of activity that appears to be key to [Mylan's] business does occur — regularly, in an established manner, continuously and seemingly permanently — in this district."
 - *Bristol-Myers Squibb Co. v. Mylan Pharmaceuticals*, Case No. 1:17-cv-00379 (D. Del. Aug. 2017) (ordering discovery) 29

Other Courts Post TC-Heartland

- *Herbert E. Townsend v. Brooks Sports Inc.*, Case No. 17-cv-00062 (M.D. Fla. Sept. 2017) (granting transfer and declining to follow 4 part Judge Gilstrap test)

Amazon Not Enough

- *Glasser v. Barboza*, Case No. 1:17-cv-00322 (E.D. Va. Aug. 2017) (grant motion to dismiss lack of venue)
 - All defendant reside in Texas
 - “Additionally, the fact that defendant Cinelinx Media has made its product available online through Amazon.com is not sufficient to create a regular and established place of business for the purposes of the patent venue statute.”

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Claim Construction

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In Re Cuozzo Speed Tech.

- *In re Cuozzo Speed Technologies, LLC*, 793 F.3d 1268 (Fed. Cir. July 8, 2015), *aff'd*, 136 S. Ct. 2131 (S. Ct. June 20, 2016)
 - PTAB can continue to use the broadest reasonable interpretation standard to construe the claims of patents in AIA reviews
 - AIA barred judicial review of PTAB's decision to institute an AIA review (but exception for issues outside PTAB jurisdiction)

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Claim Construction Critical To Infringement

- *Medco v. Mylan* (Fed. Cir. 2017)
 - “Representative claim 1 of the '727 patent provides: 1. Pharmaceutical batches of a drug product comprising bivalirudin . . . wherein the batches have a pH adjusted by a base, said pH is about 5-6 when reconstituted in an aqueous solution for injection, and wherein the batches have a maximum impurity level of Asp9-bivalirudin that does not exceed about 0.6% as measured by HPLC.”
 - '727 patent, col. 25 ll. 56–64 (emphasis added).

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Federal Circuit Medco v. Mylan (2017)

- Claim language is “batches” that “have a maximum impurity level”
 - Batches defined in specification “As used here, “batch” or “pharmaceutical batch” refers to material produced by a single execution of a compounding process of various embodiments of the present invention. “
 - D Ct construction (1) “a single batch, wherein the single batch is representative of all commercial batches . . . **made by a compounding process**, . . .”
 - Note both parties consented to this

Limitation from Example 5

- The reading of the “batches” limitation that “most naturally aligns with the patent’s description of the invention” is the one requiring “efficient mixing”
- “Efficient mixing” was found in example 5 of the patent
 - Note: even is specification said Example 5 was nonlimiting

Plain and Ordinary Meaning

- NobelBiz filed petition for rehearing *en banc* (Sept. 2017) asking Court
 - “May a district court ever assign a ‘plain and ordinary meaning’ construction?”
 - “May the Federal Circuit narrow claim scope without finding lexicography or prosecution disclaimer”
- *NobelBiz v. Global Connect LLC*, Case No. 2016-1104, 2016-1105 (Fed. Cir. July 19, 2017)
 - District Court had declined to construe terms such as “replacement telephone number” and “outbound call” saying that they should be given plain and ordinary meaning and allowed experts to testify to the meaning of terms

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Specification Role in Claim Construction

- *CSP Techs. v. SudChemie AG*, U.S., No. 16238 (cert. denied Oct. 31, 2016)
 - Finding of noninfringement where specification used “upper housing portion” in a way that “implicitly defines the term to limit [a container] to the two-piece embodiment.” *CSP Techs. Inc. v. SudChemie AG*, 643 Fed. Appx. 953, 2016 BL 86858 (Fed. Cir. 2016)
 - Petition argues that terms are given plain and ordinary meaning unless the inventor was his own lexicographer or made clear disavowal, i.e., “there is no room for redefinition by implication under any circumstance other than when the implication [is] so clear that it is tantamount to an express redefinition.”

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Prosecution History Role in Claim Construction

- *Cioffi v. Google*, Case No. 15-1194 (Fed. Cir. Apr. 11, 2016), cert. denied (S. Ct. Jan. 9, 2017)
 - Federal Circuit found error in construing claims resulted in erroneous dismissal of infringement claims
 - Google's cert. petition (August 2016) argued:
 - Split in panel approaches
 - Some view prosecution history as relevant context re claim construction
 - Others look to plain meaning and then look to prosecution history to determine if there is a "clear disavowal" of scope

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Claim Construction – Using Statement in IPR

- *Aylus Networks v. Apple* (Fed. Cir. May 2017) (affirming grant of msj noninfringement)
 - Statements from preliminary response to IPR petition can be used to construe claims

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Infringement

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Joint Infringement

- Where *Akamai V* decided during case, no remand needed where Medgraph failed to identify any evidence on issue
 - “The evidence presented to the district court indisputably shows that Medtronic does not condition the use of, or receipt of a benefit from, the CareLink System on the performance of all of Medgraph’s method steps. For example, Medtronic does not deny users the ability to use CareLink Personal and CareLink Pro without performance of the claim step of ensuring detachment of the measuring device from the patient after each measurement. Nor does it offer an incentive for such detachment.”
- *Medgraph v. Medtronic* (Fed. Cir. Dec. 2016)

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Joint Infringement

- Finding of induced infringement affirmed where all method steps attributable to physicians
 - Claims relate to administering chemotherapy drug premetrexed with two vitamins.
 - “Again, the product labeling includes repeated instructions and warnings regarding the importance of and reasons for folic acid treatment, and there is testimony that the Physician Prescribing Information, as the name indicates, is directed at physicians. The instructions are unambiguous on their face and encourage or recommend infringement.”
 - *Eli Lilly & Co. v. Teva Parenteral Medicines* (Fed. Cir. Jan. 2017) (citations omitted)

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Induced Infringement

- *Life Techs. Corp. v. Promega Corp.*, No. 141538 (S.Ct. Feb. 22, 2017)
- 271(f)(1) prohibits supply from the US of
 - “All or a substantial portion of the components of a patented invention” for combination abroad
- Facts:
 - Life Technologies’ sells genetic testing kits. Claim recites five components. One component made in US and sent to Life Technologies’ UK facility where combined with other four components to produce infringing kit.
- S. Ct. (reversing Fed. Cir.) held:
 - “A single component does not constitute a substantial portion of the components that can give rise to liability under § 271(f)(1).”
 - i.e., substantial refers to quantitative not qualitative

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Invalidity

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USPTO and Patent Eligible Subject Matter

- Patent Eligible Subject Matter: Report on Views and Recommendations from the Public (USPTO July 2017)
 - https://www.uspto.gov/sites/default/files/documents/101-Report_FINAL.pdf

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Section 101 and Life Sciences

- *Cleveland Clinic Foundation v. True Health Diagnostics*, Case No. 2016-1766 (Fed. Cir. June 16, 2017), rehearing *en banc* denied (Fed. Cir. Aug. 31, 2017)
 - Held three patents on cardiovascular disease tests invalid as claiming only laws of nature (correlation between enzyme and increased risk of heart disease)

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Patent Eligible

- *Thales Visionix v. US* (Fed. Cir. Mar. 2017)
 - Helmet display system provides application of physics to unconventional configuration of sensors and therefore patent eligible
- *Amdocs (Israel) v. Openet Telecom* (Fed. Cir. Nov. 1, 2016)
 - Patents disclose system for creating accounting and billing records reflecting network activity (focused on distributed architecture of network)

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101 Visual Memory

- “[B]oth the specification and the claims expressly state that this improved memory system is achieved by configuring a programmable operational characteristic of a cache memory based on the type of processor connected to the memory system. . . . Configuring the memory system based on the type of processor connected to the memory system is the improvement in computer technology to which the claims are directed. Alice requires no more from the claims or the specification to support our conclusion that the claims are not directed to an abstract idea.” (citing *Enfish* and *Thales*).
- *Visual Memory LLC v. Nvidia Corp.*, Case No. 2016-2254 (Fed. Cir. Aug. 15, 2017) (divided panel reversed dismissal; petition for rehearing en banc filed Sept. 2017)

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101 Analysis Claims and/or and Specification

- *Synopsys, Inc. v. Mentor Graphics Corp.*, Case No. 16-1288, cert. petition filed April 2017
- The questions presented are:
 - 1. Whether the § 101 inquiry requires courts to ignore the specification, as the Federal Circuit held, or whether courts should ascertain the true scope of the claims in light of the specification and intrinsic record in determining whether they are drawn to a patent-ineligible concept.
 - 2. Whether an otherwise revolutionary technological breakthrough is not an “inventive concept” under the second step of Alice merely because the court believed the breakthrough could theoretically be implemented without a computer.

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Alice and Malpractice Cases

- *Encyclopedia Britannica v. Dickstein Shapiro LLP*, Case No. 15-1700 (D.D.C. June 10, 2016), cert. denied (S. Ct. Oct. 2016)
 - Trial court: Dickstein Shapiro not liable for malpractice where *Alice* would have invalidated patent
 - D.C. Cir aff'd -- patents invalid under *Alice* and therefore cannot show Dickstein caused injury

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Section 102

- *The Medicines Co. v. Hospira*, 805 F.3d 1357 (Fed. Cir. Nov. 13, 2015), *en banc* (Fed. Cir. July 11, 2016)
 - Pre-AIA patent
 - More than one-year before filing the patent application, The Medicines Co. hired a third-party supplier to provide three batches of the drug using an embodiment of the claimed process
 - *En banc* held that supply contracts were “for performing services” rather than triggering on-sale bar

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***Helsinn v. Teva* (Fed. Cir. 2017)**

- Does AIA on sale bar provision cover only sales to the public?
 - Supply and Purchase Agreement
 - Binding as of effective date
 - Obligated Helsinn to sell and MGI to purchase
 - Based on which formula FDA approved
 - Existence of agreement know

Helsinn – On Sale Bar and AIA

- 102(b):
 - “Invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention.”
- What does 102(b) require post AIA?
 - “After the AIA, if the existence of the sale is public, the details of the invention need not be publicly disclosed in the terms of sale.” *Helsinn*

Helsinn – En Banc?

- Petition for en banc review asks:
 - “Does mere public disclosure of the “existence” of a sale trigger the on-sale bar under 35 U.S.C. § 102(a)(1) of the America Invents Act (“AIA § 102(a)(1)”), even though the invention was not made “available to the public” before the critical date?”

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Non-Obviousness Affirmed

- *Apple v. Samsung* (Fed. Cir. 2016) (*en banc*)
 - *En banc* court focused on the role of appellate review
 - Relied on “implicit” jury factual findings to provide the substantial evidence of nonobviousness

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Will Supreme Court Hear Case?

- Supreme Court invited Solicitor General's views on granting cert. petition
- Questions Presented:
 - Do this Court's decisions in *Graham v. John Deere Co.*, 383 U.S. 1 (1966), and *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007), require a court to hold patents obvious as a matter of law under 35 U.S.C. § 103 where the patents make at most trivial advances over technologies well-known to a person of skill in the art?
 - Does this Court's decision in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), require application of the four-factor test for injunctions in accordance with traditional equitable principles, and therefore require more than merely "some connection" between an infringing feature and asserted irreparable harm to support issuance of an injunction for patent infringement?
 - Does this Court's decision in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997), require evidence that an accused product meets all elements of the relevant claim to support entry of a judgment of patent infringement?

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PTAB Must Support Findings

- *Pers. Web Techs v. Apple* (Fed. Cir. Feb. 2017) (vacating finding of obviousness)
 - "We vacate the Board's obviousness determination as to the appealed claims, because the Board did not adequately support its findings that the prior art disclosed all elements of the challenged claims and that a relevant skilled artisan would have had a motivation to combine the prior-art references to produce the claimed '310 inventions with a reasonable expectation of success. We remand for further proceedings."
- *In re Van Os* (Fed. Cir. Jan. 2017) (reverse finding of obviousness)
 - "Absent some articulated rationale, a finding that a combination of prior art would have been "common sense" or "intuitive" is no different than merely stating the combination "would have been obvious." Such a conclusory assertion with no explanation is inadequate to support a finding that there would have been a motivation to combine. This type of finding, without more, tracks the ex post reasoning KSR warned of and fails to identify any actual reason why a skilled artisan would have combined the elements in the manner claimed. See 550 U.S. at 418, 421."

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Obviousness – Inventor’s Prefiling Statements

- *DuPont v. MacDermid Printing* (Fed. Cir. August 2016), cert. denied (S. Ct. Feb. 21, 2017)
 - D.N.J. granted summary judgment obviousness of ‘859 patent combined two prior art references: “Martens [a 3M patent] teaches a process for developing an analog plate using heat” and “Fan [DuPont patent] teaches developing a digital plate using solvents.”
 - Note: Inventor, Roxy Fan, is first named inventor on ‘859
 - Fed. Cir. aff’d
 - Motivation to combine prior art references found in DuPont’s own statements where a DuPont article set forth benefits of switching from analog to digital imaging styles
 - Cert petition on question: whether proof of “reasonable expectation of success” is necessary to combine references

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Section 103 Obviousness

- *Cubist v. Hospira*, cert. denied (S. Ct. May 2016)
 - Cert petition argued that Federal Circuit rules regarding secondary considerations of nonobviousness were too restrictive

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PTO And Obviousness

- *Celgard v. Matal*, petition for cert. filed (June 2017)
- Questions:
 - (4) whether the Patent and Trademark Office's consistent practice of failing to consider the claimed invention “as a whole” and failing to consider whether the combination of elements would lead to “anticipated success” in an obviousness determination conflicts with 35 U.S.C. § 103 and the Supreme Court's precedent in KSR International Co. v. Teleflex Inc..

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Indefinite

- Claim indefinite where it is broader than all described embodiments. *Rivera v. ITC and Solofill* (Fed. Cir. 2017)
 - Original claims: focused on a cup designed to hold a “pod” using a “pod adaptor assembly” (brewing coffee)
 - Prosecution: cancelled claims and replaced with “container . . . adapted to hold brewing material.”
 - Court looked to accused product (kcup holding loose grounds, not pods with integrated filter)
 - Claims indefinite where claim broader than all disclosed embodiments

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Not Indefinite

- Term “visually negligible” did not render claim directed to a “system and method for using a ‘graphical indicator’ . . . to encode information . . .” indefinite
 - Relying on the written description and prosecution history
 - *Sonix Technology Co. v. Publications International*, Case No. 16-1449 (Fed. Cir. Jan. 2017)

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Not Indefinite

- Federal Circuit declined *en banc* rehearing of *One-E-Way v. ITC*, Case No. 2016-2105 (Sept. 2017)
 - Defendants argued that a split panel had ignored *Nautilus*
 - Term “virtually free from interference”
 - ALJ held POSITA would not “be able to discern with reasonable certainty what amount or level of interference constitutes ‘virtually free from interference’”
 - Federal Circuit overruled interpreting “virtually free from interference” to mean that the headsets are free from eavesdropping
 - Specification did not refer to disputed limitation
 - Dissent: majority refused to define how “virtually” modifies “free from interference”

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Indefiniteness – Which Standard

- PTO has intervened in *Tinnus* case
- Argues that in PTAB proceedings, the *Packard* standard of Federal Circuit, rather than Supreme Court's *Nautilus* standard should be used to determine if claim invalid as indefinite.
 - “When it comes to post-grant review, which sits somewhere between prosecution and a district court action, the USPTO properly applies the less forgiving Packard approach to definiteness. The reason for that approach flows naturally from the differences between post-grant review and district court actions. During a post-grant review, the BRI standard is used and otherwise patentable claims may be amended to clarify their meaning. In district courts by contrast, claims are interpreted under the Phillips standard and amendments are not available.”
 - *Tinnus Entreprises, LLC, Appellant V. Telebrands Corporation*, 2017-1726 (Fed. Cir. 2017) (Brief For Intervenor – Director Of The United States Patent And Trademark Office)

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IPR Estoppel -- Scope

- Fed. Cir.
 - No estoppel re petitioned grounds on which PTAB declined to institute. *Shaw Industries Group v. Automated Creel Systems* (Fed. Cir. 2016)
- District Courts
 - No estoppel on grounds that could have been raised in IPR petition but were not (i.e., prior art) raised. *Intellectual Ventures I LLC v. Toshiba Corp.*, (D. Del. Dec. 19, 2016) (publicly available prior art reference)
 - Estoppel found on grounds not included in IPR Petition. *Douglas Dynamics LLC v. Meyer Prods.*, (W.D. Wis. April 8, 2017) (estopped from asserting nonpetitioned ground that were “based on prior art that could have been found by a skilled searcher’s diligent search.”); *Biscotti v. Microsoft Corp.*, (E.D.Tex. May 11, 2017) (estopped from asserting grounds not raised in an IPR petition and that could have been found pursuant to a diligent search; estopped grounds that PTAB determined did not establish reasonable likelihood of unpatentability).

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Unenforceability

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Laches

- *SCA Hygiene v. First Quality Baby Products* (S. Ct. 2017)
- “Laches cannot be interposed as a defense against damages where the infringement occurred within the period prescribed by § 286.”

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Laches Factor in Injunctive Relief

- Denying motion for judgment on the pleadings
- Finding SCA Hygiene declined to address the application of laches to equitable defenses portion of the Federal Circuit's opinion addressing the issue. *SCA Hygiene*, 137 S.Ct. at 959 n. 2. The Federal Circuit had held that the "consideration of laches fits naturally" into the four-part test for injunctive relief established by the Supreme Court in *eBay v. MercExchange, L.L.C.*, 547 U.S. 388, 391(2006). *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, L.L.C.*, 807 F.3d 1311 (Fed. Cir. 2015), rev'd on other grounds, 137 S.Ct. 954. B
- "The Federal Circuit merely articulates that a plaintiff's delay in bringing suit is relevant to whether equitable relief is warranted. This is always a consideration when district courts evaluate whether an injunction should be granted.
- *Spitz Technologies v. Nobel Biocare USA LLC*, (C. D. Cal. Sept. 11, 2017)

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Equitable Estoppel

- *High Point SARL v. Sprint Nextel Corp.* (Fed. Cir. Apr. 5, 2016)
 - High Point SARL's suit against Sprint is barred by equitable estoppel
 - High Point's predecessors' [AT&T's] misleading course of conduct caused Sprint to reasonably infer that they would not assert the patents-in-suit while Sprint purchased unlicensed infrastructure to build its network"

70

Litigation Screen and Inequitable Conduct

- *Ohio Willow Wood v. Alps South*, (Fed. Cir. 2016)
 - District court: first reexam no inequitable conduct; second reexam inequitable conduct
 - Federal Circuit affirmed
 - 2nd Reexam: Competitor's engineer submitted testimony regarding competitor's prior art product. OWW argued he was highly interested and that there was "no other evidence of any sort" corroborating his testimony. The PTO Board confirmed patentability.
 - Failed screen
 - Same firm for litigation and reexamination
 - Ethical screen established within firm
 - But OWW's Director of Research and Development had access to both teams and was "aware of materials that corroborated Mr. Comtesse's testimony" and he failed to correct the misrepresentation

71

Inequitable Conduct and In House Counsel

- *TransWeb LLC. v. 3M Innovative Properties*, Case No. 14-1646 (Fed. Cir. 2016)
 - Affirming \$26M antitrust remedy for fraudulently obtaining and asserting two patents
 - District court found that 3M's in house counsel "undertook an intentional scheme to paper over the potentially prior art nature" of TransWeb samples (evidence of a pre-filing public use)

72

Inequitable Conduct

- Regeneron bench trial
 - Materiality: Regeneron withheld material prior art references from the PTO
 - Intent: no bench trial re whether intended to deceive PTO
 - Inferred intent from discovery misconduct (to cover misconduct before PTO) including withholding documents related to mental impressions the company's in-house counsel about prior art not disclosed to PTO
 - Fed Cir affirmed but Judge Newman dissented stating that "intent to deceive the examiner cannot be inferred from purported litigation misconduct several years later."
 - *Regeneron Pharmaceuticals v. Merus N.V.* (Fed. Cir. July 2017), petition for rehearing *en banc* filed (Sept. 2017)

73

Lawyer Conduct

- *Gilead Sciences v. Merck*, Case No. 5:13cv04057 (N.D. Cal. 2016)
 - \$200M jury verdict overturned
 - In 2004, Pharmasset (Gilead's predecessor in interest) agreed to share information with Merck regarding discovery and development of an antiviral agent against Hep C under condition Merck personnel involved in Merck's internal HCV work be "firewalled"
 - Merck attorney responsible for prosecuting Merck's patent apps related to Hep C was on the call
 - Merck attorney cancelled claims in Merck application and wrote claims to cover Pharmasset's confidential compound
 - Court found attorney lied about participation in a March 2004 call

74

Unclean Hands

- “In this case, numerous unconscionable acts lead the Court to conclude that the doctrine of unclean hands bars Merck’s recovery against Gilead for infringement of the ’499 and ’712 Patents. Merck’s misconduct includes lying to Pharmasset, misusing Pharmasset’s confidential information, breaching confidentiality and firewall agreements, and lying under oath at deposition and trial. Any one of these acts—lying, unethical business conduct, or litigation misconduct— would be sufficient to invoke the doctrine of unclean hands; but together, these acts unmistakably constitute egregious misconduct that equals or exceeds the misconduct previously found by other courts to constitute unclean hands. Merck’s acts are even more egregious because the main perpetrator of its misconduct was its attorney.”
 - *Gilead Sciences v. Merck & Co.*, Case No. 5:13-cv-04057 (N.D. Cal. June 2016)

75

Gilead – Awarded Attorneys’ Fees

- Court awarded \$14M attorneys’ fees
 - *Gilead Sciences v. Merck & Co.*, Case No. 5:13-cv-04057 (N.D. Cal. July 2017)

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Other Defenses

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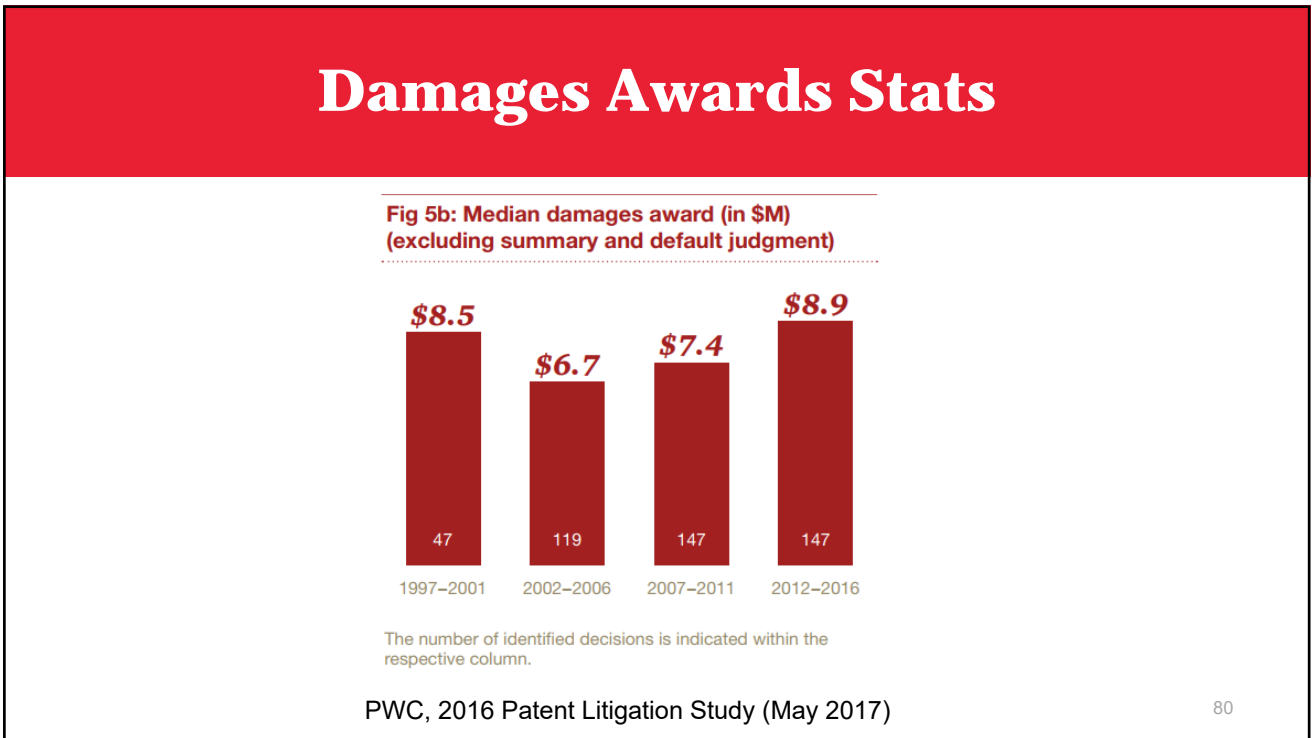
Exhaustion

- *Lexmark Int'l v. Impression Prod.* (S. Ct. May 30, 2017)
 - “We conclude that a patentee’s decision to sell a product exhausts all of its patent rights in that item, regardless of any restrictions the patentee purports to impose or the location of the sale”
 - “Once a patentee decides to sell — whether on its own or through a licensee — that sale exhausts its patent rights, regardless of any postsale restrictions the patentee purports to impose, either directly or through a license.”
 - Overturned Federal Circuit cases holding that post sale restrictions and foreign sales preserve right to sue for infringement.
 - Impression Products not liable where it bought Lexmark cartridges abroad, refilled them, and then sold in US

78

Damages

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Design Patents/Damages

- *Samsung v. Apple*, Case No. 15-777 (S. Ct. Dec. 6, 2016) (reversed and remanded)
 - Federal Circuit interpreted “articles of manufacture” in § 289 to mean the whole smartphone. Apple received all profits from Samsung’s infringing smartphone.
 - Supreme Court
 - “[T]he term “article of manufacture” is broad enough to embrace both a product sold to a consumer and a component of that product, whether sold separately or not. Thus, reading “article of manufacture” in § 289 to cover only an end product sold to a consumer gives too narrow a meaning to the phrase.”
- Additional briefs filed in District Court on issue (Sept. 2017)

81

Damages – Lost Profits

- Supreme Court requested views of SG in *WesternGeco LLC v. Ion Geophysical Corp.*, Case No. 161011 (S. Ct. 2017),
 - Federal Circuit vacated award of lost profits where the contracts WesternGeco lost were “all to be performed on the high seas, outside the jurisdiction of U.S. patent law.”
 - Question: What is the scope of 271(f)

82

Damages: Marking

- Rembrandt licensed one of the patents-in-suit to Zhone Technologies Inc.; Zhone sold products without marking
 - Jury awarded damages over entire period Zhone sold products (not only post-notice)
- “Disclaimer cannot serve to retroactively dissolve the § 287(a) marking requirement for a patentee to collect pre-notice damages.”
- Remand question: “whether the patent marking statute should attach on a patent-by-patent or claim-by-claim basis.”
 - Zhone’s unmarked product embodied claim 40
 - Rembrandt argues that marking is “claim by claim” and therefore can recover for infringement of claims other than claim 40
 - Samsung argues that marking is patent by patent; therefore cannot recover for any infringed claim of the patent where no marking
 - *Rembrandt Wireless Technologies LP v. Samsung Electronics*, Case No. 2016-1729, (Fed. Cir. May 2017)

83

Enhanced Damages Section 284

- *Halo Electronics v. Pulse Electronics*, Case No. 14–1513 (S. Ct. June 13, 2016)
 - Rejected Fed. Cir. *Seagate* test as “unduly rigid, and it impermissibly encumbers the statutory grant of discretion to district courts.”
 - Evidentiary burden on enhanced damages a preponderance (not clear and convincing)
 - Enhanced damages award “should generally be reserved for egregious cases typified by willful misconduct.”

84

Enhanced Damages

- *Stryker Corporation v. Zimmer*, No. 14-1520
 - On remand, the Court found it “a case of egregious piracy” and awarded treble damages and \$8M in attorneys’ fees bringing total award to \$248M

85

Exceptional – Asserting Patents You Do Not Own

- *Alzheimer’s Inst. of America v. Avid Radiopharmaceuticals*, Case No 2:10-cv-06908 (E.D. Pa. March 30, 2015) (awarding attorney fees)
 - Michael Mullan named inventor. In granting attorney’s fees,
 - John Hardy and Michael Mullan collaborated to discover the Swedish mutation. Hardy worked at Imperial College in London.
 - Hardy sent DNA to Mullan in Florida for sequencing. A witness testified that Hardy and Mullan “deliberately held off on formally identifying the sequence mutations until they got to Florida.”

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(continued)

- University of South Florida had provided a lab for Mullan and Hardy for Alzheimer's research
- Mullan arranged to have sequencing done off-campus
- Mullan then sought USF's waiver of any rights in the discovery by leading USF to believe that the work was completed at Imperial College.
- "Sexton, Hardy and Mullan agreed to omit Hardy's name from any publication reporting the discovery of the Swedish mutation. They also omitted him as a co-inventor from the patent application"

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Exceptional Case Award

- April 2016
 - Court ordered Alzheimer's Institute of America to pay \$8 million in attorneys' fees
 - Suit backed by "ego and greed" driven scheme to misrepresent patent ownership
- July 2017 – argued at Federal Circuit

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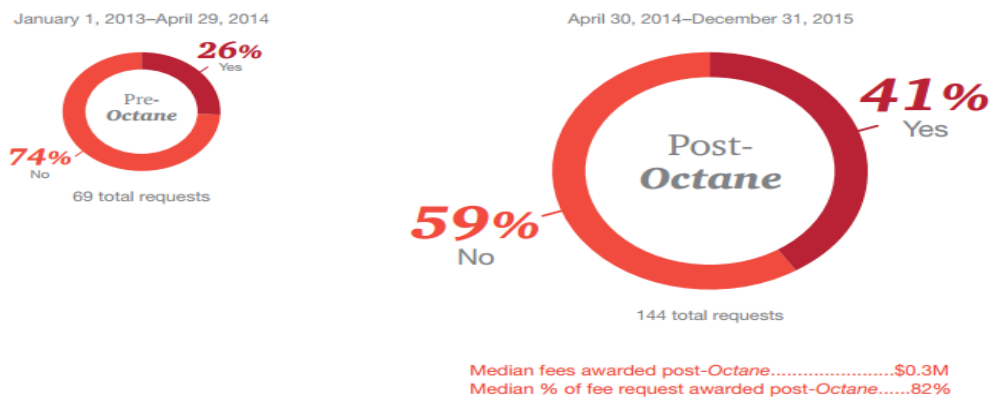
Exceptional Case Brought By NPE

- Case found exceptional where suit “objectively unreasonable” in light of *Alice* and plaintiff litigated “in an unreasonable manner”
 - “Plaintiff’s business model involves filing hundreds of patent infringement lawsuits, mostly against small companies, and leveraging the high cost of litigation to extract settlements for amounts less than \$50,000. These tactics present a compelling need for deterrence and to discourage exploitative litigation by patentees who have no intention of testing the merits of their claims. ”
 - *Shipping and Transit LLC v. Hall Enterprises*, Case No. 2:16-cv-06535 (C.D. Cal. July 2017)

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Post-Octane Attorneys’ Fee Awards

Fig 8: Attorneys’ fees awards pre- and post-Octane



PWC, 2016 Patent Litigation Study (May 2016)

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Post-*Octane* Fitness Fee Awards

- Meritless litigation
- Inadequate prefiling investigation
- Litigation misconduct

91

Discovery/Evidence

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Patent “Shoot Outs”

- Judge Alsup in *Comcast v. OpenTV*
 - Each side seek judgment on one claim in one patent
 - Implemented after telling parties they were “throwing patents around like they’re candy.”
 - After hearing, Judge Alsup ruled Comcast did not infringe and could seek attorneys’ fees
 - “Because Claim 1 was the patent owners’ best shot at proving infringement, this outcome bodes poorly for the remainder of their case.”
 - See *Comcast Cable Communications LLC v. OpenTV*, Case No. 3:16-cv-06180 (N.D. Cal. Aug. 2017)

93

Local Rules Rule

- Infringement and Invalidity Contentions
 - Oui Agree sued Adobe in Texas for patent infringement
 - Infringement contention: Oui Agree claimed a priority date of “no later than April 2, 2002”; Oui Agree did not specify in infringement contentions that it would rely on applications filed in 2003 and 2008 to claim priority
 - Invalidity contentions: Adobe argued that applications in 2003 and 2008 did not contain sufficient support for ’393 patent in suit
 - Case transferred to N.D. Cal.; granted Adobe msj of noninfringement and denied leave to amend to add claim to priority from 2003 and 2008
- *Collaborative Agreements LLC v. Adobe Systems*, Case No. 16-2560 (Fed. Cir. Aug. 2017) (affirming dismissal)

94

Exceptional Case; Pretexting

- SAP granted attorneys' fees where
 - InvestPic knew PTO thought patent weak
 - "InvestPic was specifically warned by the USPTO, in an opinion issued in connection with a post grant review, that it looked very unlikely that these claims were directed toward patentable subject matter and very likely that the claims were invalid."
 - InvestPic deceptive litigation conduct
 - Inventor Samir Varma, and Lee Miller, the co-owner of InvestPic, hid their relationship to Plaintiff and "pretended to be interested potential purchasers of SAP's products."
- *SAP America v. InvestPic LLC*, Case No. 3:16-cv-02689 (N.D. Tex. Sept. 2017)

95

Patent Agent Privilege

- *In re Queen's University at Kingston*, Case No. 2015-145 (Fed. Cir. 2016)
 - "For the reasons we explain, we find that the unique roles of patent agents, the congressional recognition of their authority to act, the Supreme Court's characterization of their activities as the practice of law, and the current realities of patent litigation counsel in favor of recognizing an independent patent-agent privilege."
 - Scope: "Communications that are not reasonably necessary and incident to the prosecution of patents before the Patent Office fall outside the scope of the patent-agent privilege."

96

Privilege Waiver

- *In re OptumInsight*, Case No. 0:17-mand-00116 (Fed. Cir. July 2017) (denied petition for writ of mandamus) (nonprecedential order)
 - Patent developed by Symmetry Health Data Systems; Optum bought Symmetry as part of settlement of patent case between Symmetry and Optum
 - *OptumInsight v. Cave Consulting* for patent infringement
 - Prosecution: “Symmetry submitted an Information Disclosure Statement and a supporting affidavit from its patent attorney. The affidavit asserted that the ETG Program was not ready for patenting at the time of [its] RFP response because the inventor did not conceive of all the claimed concepts until August 1994. Symmetry successfully persuaded the patent examiner that the RFP response was not an invalidating offer for sale”
 - Cave Consulting sought discovery re conception and first-sale of the invention; Optum asserted privilege

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OptumInsight (privilege)

- District court: ordered disclosure, including post-merger communications because PTO submission constituted waiver
- Fed. Cir: “Logically, if a successor company can assert privilege over its predecessor’s communications, the flipside of that principle is that a successor company can also be subject to its predecessor’s intentional waiver in certain circumstances.”

98

Waymo v. Uber (Fed. Cir. Sept. 13, 2017)

- OttoMotto and Uber retained Stroz Friedberg as counsel to prepare report on possible legal issues if Uber hired Levandowski and other former Google employees
- Levandowski intervened seeking to prevent Uber from producing report
- Fed. Cir. Panel denied writ of mandamus
 - No ACP Levandowski and Stroz Friedberg
 - AWP belongs to Uber
 - No common interest (not a stand-alone privilege)

99

Post-*Halo* Scope of Waiver

- Magistrate rejected arguments that because *Halo* was focused on pre-litigation conduct so scope of waiver limited
 - No temporal limit
 - Waiver extends to communications between opinion and trial counsel
 - However, communications in house counsel and trial lawyers remain protected except to extent they refer to the opinion
 - Waiver only as to infringement, not other issues
 - *Krausz Industries Ltd. & Sensus USA*, Case No. 5:12cv00570 (E.D.N.C. Jan. 2017)

100

USPTO

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USPTO Initiatives/News

- USPTO seeking attorneys' fees from applicants regardless of outcome of the appeal. *NantKwest*, 2016 BL 33022 (E.D. Va. Feb. 5, 2016), *aff'd*, (Fed. Cir. 2017)
- Federal Circuit has sua sponte taken the case en banc (Sept. 2017)
 - Question: Did the panel in *NantKwest, Inc. v. Matal*, 860 F.3d 1352 (Fed. Cir. 2017) correctly determine that 35 U.S.C. § 145's "[a]ll the expenses of the proceedings" provision authorizes an award of the United States Patent and Trademark Office's attorneys' fees?

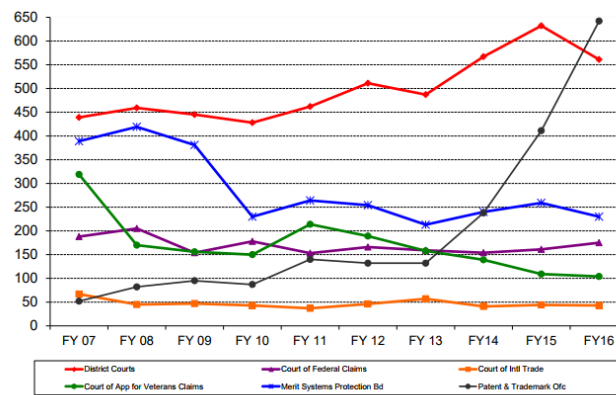
102

PTAB

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Fed Cir Workload From AIA

United States Court of Appeals for the Federal Circuit
Appeals Filed in Major Origins



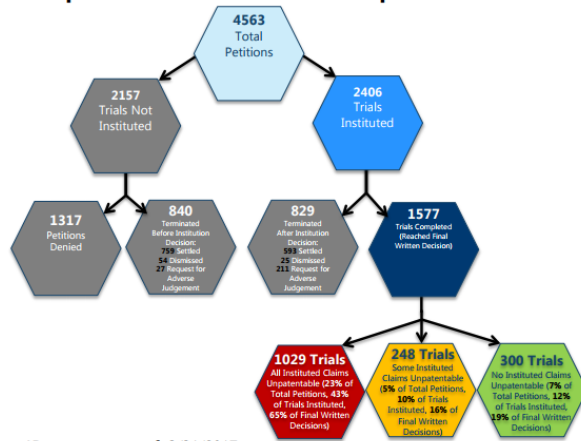
Notes: Includes reinstated, cross-, and consolidated appeals.

http://www.ca9c.uscourts.gov/sites/default/files/the-court/statistics/FY16_Caseload_by_Major_Origin.pdf

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Disposition of IPR Petitions

Disposition of IPR Petitions Completed to Date*



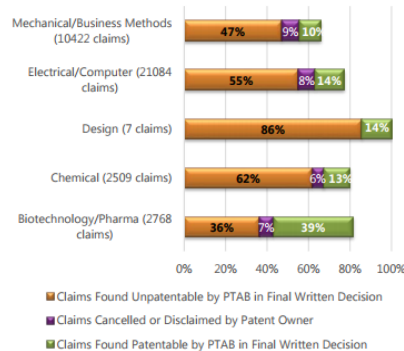
Narrative:
This graph shows a stepping stone visual depicting the outcomes for all IPR petitions filed to-date that have reached a final disposition.

*Data current as of: 3/31/2017



Outcomes by Industry

Trial Outcomes for Instituted Claims, by Technology



Narrative:
This chart shows claim outcomes for instituted trials, by technology area.

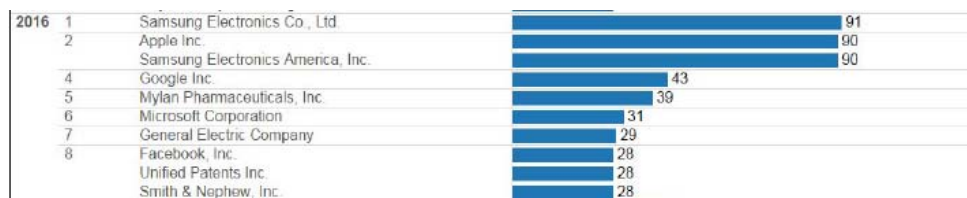
Note: Claims involved in instituted trials that settle or are dismissed are not depicted. Accordingly, a bar may not add up to 100%.

*Data current as of: 3/31/2017

* Includes IPR and CBM trial outcomes



Top Petitioners



*Lex Machina Patent Trial and
Appeal Board (PTAB) 2017 Report*

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Covered Business Method Reviews

- 69 completed CBM trials, 82% held all claims to be unpatentable, 14% some claims unpatentable
- 2015 – no patents claims survived *Alice* challenge before PTAB
- New patent applications related to computer data processing down 60% post *Alice*
 - See David J. Burns, *Patent Practice After Alice*, 2016 WL 1595103

108

CBM Challenges

- Petition for cert. filed to overturn Federal Circuit decisions limiting scope of CBM reviews
 - (1) limiting to patents with “financial activity element” in the claims is overly narrow and “excludes numerous patents that the statute was clearly designed to include, rendering the CBM program largely toothless.”
 - (2) PTAB decision about whether patent subject to CBM cannot be reviewed on appeal
 - See *Google v. Unwired Planet*, Case No. 17-357 (cert. filed Sept. 2017); *PNC Bank NA v. Secure Axxess*, Case No. 17-350 (cert. filed Sept. 2017)

109

PTAB's Fate

- *Oil States Energy Services LLC v. Greene's Energy Group LLC*, Case No. 16-712 (S. Ct. briefing)
 - Question: whether AIA's IPR violates the Constitution by allowing PTAB, not court, to invalidate patent
 - Theme: patents are private property, not public rights, and therefore can be revoked only by court, not by the executive branch

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Oil States

- *McCormick* (S. Ct. 1898)
- “The only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever, is vested in the courts of the United States, and not in the department which issued the patent.”
- *MCM Portfolio* (Fed. Cir. 2015)
- *McCormick* “did not address Article III and certainly did not forbid Congress from granting the PTO the authority to correct or cancel an issued patent”
- *Cascades Projection* (Fed. Cir. May 2017) (denied rehearing en banc with dissents)

111

PTAB’s Partial AIA Review

- “Issue: Whether 35 U.S.C. § 318(a), which provides that the Patent Trial and Appeal Board in an inter partes review “shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner,” requires that Board to issue a final written decision as to every claim challenged by the petitioner, or whether it allows that Board to issue a final written decision with respect to the patentability of only some of the patent claims challenged by the petitioner, as the U.S. Court of Appeals for the Federal Circuit held.
 - *SAS v. Michelle K. Lee*, Case No. 16969 (cert. petition granted May 2017)

112

PTAB and Ability to Amend

- *In re Aqua Products*, Case No. 2015-1177 (Fed. Cir. 2016) (hearing *en banc* held)
 - Panel aff'd PTAB's denial of patent owner's request to amend patent in an AIA IPR
 - PTAB rules: patent owners have burden of showing proposed amended claims are patentable
 - Statistics
 - PTAB granted 6 motions to amend and denied 112

113

IPR Decisions Vacated or Reversed by Fed Cir

- In one analysis:
 - 33% claim construction error
 - 24% inadequate explanation
 - 29% overlooking evidence/teachings of references
 - 14% administrative process concerns

114

Remand Where PTAB Rulings Inconsistent

- “The panel’s decision in the ’290’s reexamination issued on the same date as the panel’s decision on rehearing in the ’021’s reexamination. Despite sharing a common panel and having opinions issued on the same date, the decisions in the respective reexaminations contain inconsistent findings on identical issues and on essentially the same record.”
- *Vicor Corp. v. SynQor Inc. and SynQor Inc. v. Vicor Corp.*, Case Nos. 2016-2283, 2016-2288 and 2016-2282 (Fed. Cir. Aug. 30, 2017)

115

Doubt Re PTAB Practices

- “Although we do not decide the issues here, we have serious questions as to the Board’s (and the Director’s) interpretation of the relevant statutes and current practices.” *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co. Ltd.*, Case No. 2016-2321 (Fed. Cir. August 2017) (affirming PTAB invalidity decision)
 - Concern re (1) allowing companies to join petitions to challenge patents to circumvent time bar and (2) expanding PTAB panels

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PTAB and Assignor Estoppel

- PTAB made precedential earlier ruling that there is no restriction on inventor challenging own patent in AIA proceeding
 - Patent inventor Robert Dietrich Schad
 - Assignee Husky Injection Molding Systems Ltd. the assignee upon grant
 - Schad left Husky and founded Athena
 - PTAB cites U.S.C. § 311(a) allowing a challenge by “a person who is not the owner of a patent”
 - *Athena Automation Ltd. v. Husky Injection Molding Systems Ltd.*, IPR2013-00290, Paper 18 (PTAB Oct. 25, 2013) (designated precedential August 2, 2017).

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PTAB Multiple Petitions

- Sept. 2017 designated as “informative” opinion setting out 7 factor test for determining whether to reject petitions where earlier decision
 - *General Plastic Industrial Co. Ltd. v. Canon Kabushiki Kaisha*, Case Nos. IPR2016-01357, IPR2016-01358, IPR2016-01359, IPR2016-01360 and IPR2016-01361, before the Patent Trial and Appeal Board.

118

Deference to PTAB

- *Merck & Cie v. Gnosis SPA*, Case No. 2014-1779 (Fed. Cir. April 2016)
 - Panel decision upheld PTAB invalidation in IPR; no *en banc* review
 - PTAB decisions given deference; reviewed for “substantial evidence”
 - Merck argued for “clear error” standard used with district court decisions

119

What Does *Cuozzo* Mean?

- *WiFi One, LLC v. Broadcom Corp.*, 2016 BL 305086 (Fed. Cir. Sept. 16, 2016)
 - Panel held 2-1 PTAB can institute a trial challenging a patent at its discretion

120

District Courts: What To Do With PTAB Proceedings

- District Court's split on whether a PTAB decision is intrinsic or extrinsic evidence of claim construction
- District Court's split on deference to give to PTAB claim construction
- Owner's arguments to PTAB viewed as akin to "prosecution disclaimer"
 - See Andrew Sommer, *Claim Construction at PTAB and Its Effect on District Courts*, law360.com (June 29, 2016)

121

What Would You Do To Escape IPR?

- Mylan challenged Restasis patents in IPR; PTAB to review
- Allergan PLC transferred patents for Restasis to a Saint Regis Mohawk Tribe
- Saint Regis Mohawk Tribe gave Allergan the exclusive licenses related to Restasis (\$1.5B revenue in 2016) in exchange for \$15M/year annual royalty
- Saint Regis Mohawk Tribe asserts sovereign immunity in motion to dismiss IPR review

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ITC

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ITC and *Suprema*

- *DBN v. ITC* (cert. denied)
 - DBN challenged *Suprema* asking:
 - “Whether the International Trade Commission’s jurisdiction over the importation of ‘articles that ... infringe a valid and enforceable’ patent extends to articles that do not infringe any patent.”
 - “Whether the Federal Circuit erred in affirming the Commission’s assessment of civil penalties for the domestic infringement of a patent that has been finally adjudicated to be invalid.”
 - Facts:
 - ITC found patent enforceable; entered exclusion order
 - DBN violated exclusion order and ITC assesses \$6 million for contempt
 - District court found patent invalid
- DBN has now filed with Fed. Cir. appeal from ITC ruling that it cannot reconsider the fine (Sept. 2017)

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IP Ethics Developments

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DQ and In House Counsel

- *Schlumberger and Rutherford*
 - *Schlumberger v. Rutherford*, Case No. 01-14-00776 (First Court of Appeals, Texas)
 - *Dynamic 3D Geosolutions v. Schlumberger*, Case No. 1:14-cf-00112 (W.D. Tex.) (disqualifying counsel), aff'd, (Fed. Cir. Sept. 12, 2016)
 - District court found Rutherford participated in two meetings with named inventors of the '319 patent "for the purpose of assessing whether Acacia should acquire the patent for possible assertion"; Schlumberger's Petrel product (accused product) "was discussed and identified as a potential target for assertion of the '319 patent."
 - Federal Circuit: "All aspects of the case were contaminated by Rutherford's actions, from the purchase of the '319 patent, to preparation for suit against Schlumberger, to the actual filing of the suit."
 - *Parallel Separation Innovations v Schlumberger*, Case No. 2:14-cv-00549 (E.D. Tex.) alleges infringement of '582 patent

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Client Demands Versus Ethical Duties

- *Trzaska v. L'Oreal USA*, Case No. 2:15-cv-02713 (D.N.J.) (filed April 2015)
 - Alleges that:
 - Trzaska was head patent attorney and led business development
 - Research organization in NJ tasked with filing 40 patent applications to help global parent achieve 2014 quota
 - Invention disclosures “so poor” lawyers risked ethics violations to file patent applications
 - District court found rules of professional conduct cover attorneys, not entities
 - 3rd Cir. panel revived Trzaska’s suit
 - L’Oreal motion to rehear *en banc* filed August 2017 arguing Trzaska has not alleged L’Oreal asked him to break disciplinary rules

127

Protective Order Violations

- *Errant Gene Therapeutics, LLC v. Sloan-Kettering Institute for Cancer Research* (S.D.N.Y. June 2017)
 - Granted sanctions for second violation of protective order
 - Used AEO documents to file Illinois state court action against another company; suit dismissed after sanctions motion filed
 - Filed AEO documents in new NY state court case with the complaint

128

Attorneys Liable for Exceptional Case Fees

- In underlying case, Court found patents unenforceable where false declarations were submitted related to invention, demonstration, and actual reduction to practice in order to overcome prior art references cited by the patent examiner. *Intellect Wireless v. HTC* (N.D. Ill.)
 - Inventor told patent prosecutor re incorrect declarations and asked that trial counsel be consulted.
 - Trial counsel contend they did not know that declarations incorrect.
- Patent prosecutor was suspended by the PTO for four years based on his conduct in this matter. *In re Tandler*, No. D2013-17 (Director, PTO Jan. 8, 2014)
- IW withdrew initial opposition to motion re exceptional case.
- Court found that Niro knew of false declarations before filing lawsuit and therefore Niro firm “jointly and severally liable with IW for attorney fees and costs.” *Intellect Wireless v. HTC*, Case No. 09 C 2945 (N.D. Ill. Jan. 8, 2015)

129

OED Suspensions

- 18 month suspensions of two former Niro attorneys involved in *Intellectual Wireless* cases have been posted

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Who is The Client?

- *Accutrax LLC v. Finnegan, Henderson, Farabow, Garrett & Dunner LLP*, Case No. 1784CV01617 (Mass. Superior Ct. filed 2017)
 - Alleged that firm represented Accutrax LLC and negligently failed to record the assignment from inventor to LLC and had conflicting representation of inventor and LLC
 - Reported at <https://www.ipethicslaw.com/?s=finnegan>

131

Misuse of Client Information

- *Apollo Enterprise Solutions v. Greenberg Traurig LLP*, Case No. BC660185 (Cal. Sup. Ct. May 5, 2017)
 - Former client alleges that firm is using privileged information to help it's current client, Lantern, to invalidate Apollo's patent

132

Exceptional – Really Exceptional!

- “This is the clearest example of an exceptional case to yet come before the undersigned. Simply put, if this case is not an exceptional case, then there are none.”
 - Judge Gilstrap, *Iris Connex LLC v. Dell*, Case No. 2:25-cv-01915 (E.D. Tex. Jan. 25, 2017)
 - Claim construction: “proposed claim construction was not only implausible but nonsensical”
 - DOE: “Nothing can be the equivalent of its fundamental opposite. This argument failed as a matter of law.”

133

Client “Intermediaries”

- *In re Mikhailova*, No. D2017-08 (USPTO OED June 6, 2017)
 - Disciplinary action against patent agent providing services to clients referred by invention promoter

134

In re Mikhailova

- The OED set out 4 specific ethics issues where non-practitioner third party present
 - Conflicts of interest
 - Exercise of independent professional judgment
 - May not form a partnership with a non-practitioner if any of the activities of the partnership consistent of the practice of law.
 - “the practitioner may not merely fill a purchase order”

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In re Mikhailova

- Obligated to communicate with the inventor
 - “the practitioner may rely upon instructions of the corporate liaison or the foreign agent as to the action to be taken in a proceeding before the Office so long as the practitioner is aware that the client has consented to have instructions conveyed through the liaison or agent.”

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A Few Final Updates

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Fed. Cir. And Rule 36 -- Opinions

- *Celgard v. Matal*, petition for cert. filed (June 2017)
- Questions:
 - (2) whether the U.S. Court of Appeals for the Federal Circuit's issuance of Federal Rule of Appellate Procedure Rule 36 judgments without opinions for the disposition of appeals from the Patent and Trademark Office violates 35 U.S.C. § 144's requirement that the U.S. Court of Appeals for the Federal Circuit "shall issue" its "mandate and opinion" for such appeals;
 - (3) whether the U.S. Court of Appeals for the Federal Circuit's pervasive practice of issuing Rule 36 judgments without opinions to affirm more than 50% of appeals from the Patent and Trademark Office has exceeded the bounds of reasonableness and is inconsistent with "principles of right and justice"; and

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STRONGER

- June 2017 Bill
 - Support Technology and Research for Our Nation's Growth and Economic Resilience (STRONGER) Patents Act of 2017
 - Seeks broad reforms, generally pro-patentee

139

HTIA

- High Tech Inventors Alliance
 - Google, Amazon, Intel, Dell, Cisco, Oracle, Salesforce and Adobe
 - Aim to “advocate a balanced patent policy” and point to “a quality crisis”

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Gender

- USPTO's All in STEM initiative
- Jessica Milli, Ph.D., Barbara Gault, Ph.D., Emma Williams-Baron, Jenny Xia, and Meika Berlan, *The Gender Patenting Gap* (The Institute for Women's Policy Research July 2016)
- Sahil Raina, *The Gender Gap in Startup Success Disappears When Women Fund Women*, HBR (July 19, 2016)
- ABA-IPL Women In IP Law Action Group (WIP)

12% Of Attys Appearing In PTAB Cases Are Women: Report

By Steven Trader

Law360, New York (September 7, 2017, 4:03 PM EDT) -- A new study of gender diversity at law firms compiled by Docket Alarm that's based on a count of how often female attorneys actually appear in courtroom litigation shows that only 12 percent of attorneys who appear before the Patent Trial and Appeal Board are women, according to research published Wednesday.

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[The Sedona Conference Commentary on Case Management of Patent Damages and Remedies Issues: Section on Patent Damages Hearings Public Comment Version](#)

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[The Sedona Conference Commentary on Patent Litigation Best Practices: Patent Mediation Chapter](#)

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[The Sedona Conference Commentary on Patent Reasonable Royalty Determinations](#)

December 2016

[The Sedona Conference Commentary on Patent Litigation Best Practices: Section on Exceptional Case Determinations Oct 2016 Public Comment Version](#)

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Conclusion

These materials are intended as an introduction to the subject matter covered in the presentation. The presentation and the materials contained herein do not attempt to provide legal advice for any particular situation. Each particular situation must be analyzed individually in light of all of the surrounding facts and circumstances. Because of the complexity of the legal issues that will always arise in connection with the subject matter hereof, it is critical that counsel be involved. These materials are provided for educational and discussion purposes *only* and are not to be copied, used or distributed outside of this seminar without the express written consent of Cooley LLP. Copyright Cooley LLP and Michelle Greer Galloway 2017.