The Year in Patent Law
2009-2010

2010 Midwest IP Institute

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Intellectual Property | Litigation | Corporate

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Damages

“Money, get back. I'm all right, Jack. Keep your hands off of my stack.”

– Roger Waters, for Pink Floyd

Damages - Proof

***Lucent Techs. v. Gateway*, 580 F.3d 1301 (Fed. Cir. Sept. 11, 2009)**

- Damage award must be apportioned to the contribution the patented technology makes to the overall product.
- Expert must cite real facts for the expert's hypothetical negotiation calculation.

***ResQNet.com v. Lansa, Inc.*, 594 F.3d 860 (Fed. Cir. Feb. 5, 2010)**

- "[T]he trial court must carefully tie proof of damages to the claimed invention's footprint in the market place."
- "Any evidence unrelated to the claimed invention does not support compensation for infringement but punishes beyond the reach of the statute."

Damages - Licenses

***ResQNet.com v. Lansa, Inc*., 594 F.3d 860 (Fed. Cir. Feb. 5, 2010)**

- Litigation settlements may be the best indicator of the actual value of a technology.
- Which led to *in limine* motions in *Tyco Healthcare Group LP v. E-Z-EM Inc.,* No. 2:07-cv-262 (E.D. Tex. Mar. 2, 2010) and *DataTresury Corp. v. Wells Fargo & Co.*, 2-06-cv-00072 (E.D. Tex. Mar. 4, 2010).

***IP Innovation v. Red Hat*, No. 2:07-cv-447 (E.D. Tex.) (Rader, by designation)**

- Finding error in plaintiff's expert favoring recent, but general, industry licensing data over older license agreements that focused on the relevant technology.

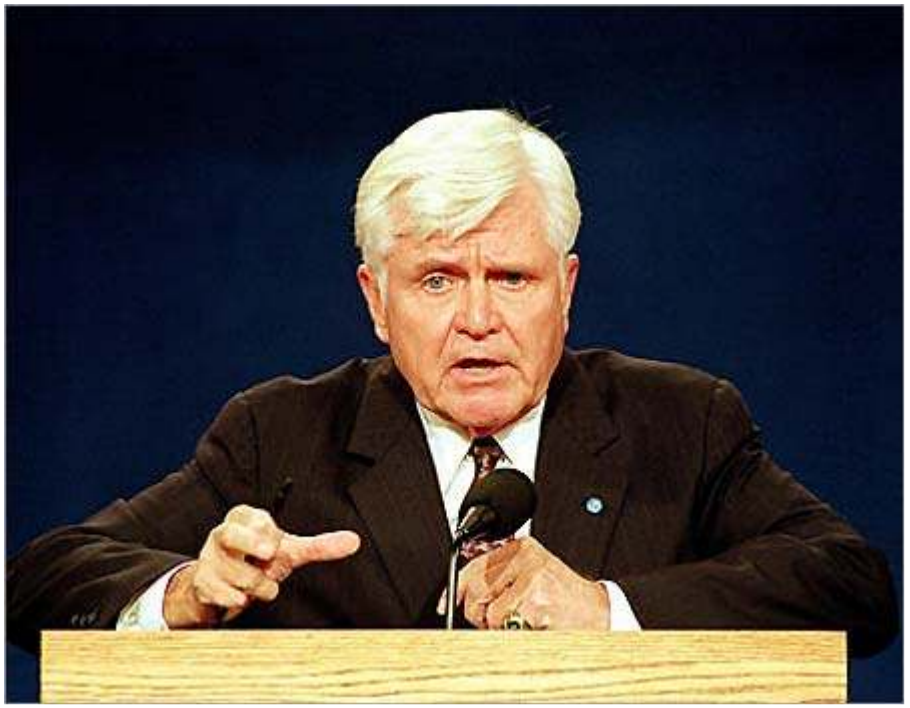
Damages – But…..

***i4i Ltd/ P'Ship v. Microsoft*, 589 F.3d 1246 (Fed. Cir. Dec. 22, 2009)**

- Affirmed a $200 million jury award.
- Expert testimony applied the so-called "25% rule" to an expensive third-party product that included the relevant functionality.
- But the expert did limit the damages using a survey that indicated how many customers used the feature.

Venue

“WHO AM I? WHY AM I HERE?”
– Admiral James Stockdale, in 1992 vice-presidential debate



Venue – Set-up

***In re Volkswagen of Am., Inc.*, 517 F.3d 785 (5th Cir. 2008) (en banc)**

- Fifth Circuit orders venue transfer in products liability case.

***In re TS Tech USA*, 551 F.3d 1315 (Fed. Cir. Dec. 29, 2008)**

- Federal Circuit orders transfer.

***In Re Volkswagen of Am.,* 566 F.3d 1349 (Fed. Cir. May 22, 2009)**

- Affirming refusal to transfer.

***In Re Genentech, Inc.*, 566 F.3d 1338 (Fed. Cir. May 22, 2009)**

- Reversing refusal to transfer.
- Defendants and most evidence were in the S.D. Cal. and N.D. Cal., neither of the defendants nor the plaintiff had any real connection to E.D. Tex., and the Federal Circuit found that the district court misapplied certain § 1404 transfer factors.

Venue – This Year

***In re Hoffmann-La Roche Inc.*, 587 F.3d 1333 (Fed. Cir. Dec. 2, 2009)**

- Ordered a transfer.
- Plaintiff was located in California but sued in Texas.
- Most of the evidence was located in the transferee venue.

***In re Apple Inc.*, 2010 WL 1922942 (Fed. Cir. May 12, 2010)**

- Refused non-precedentially to order a transfer.
- None of the petitioners were located in the transferee district.
- Plaintiff's "presence in Texas appears to be both recent and ephemeral."

***In re Zimmer Holdings, Inc.*, 609 F.3d 1378 (Fed. Cir. June 24, 2010)**

- Ordered transfer.
- Transferee forum near the defendant's main place of business.
- Federal Circuit inferred illegitimate purposes for the plaintiff locating in Texas.

Note: each of the 6 patent cases on these slides was appealed from E.D. Tex.

Inequitable Conduct

“Turn Out the Lights, the [Fraud] Party’s Over”?
– Willie Nelson, via “Dandy” Don Meredith and others

Inequitable Conduct - Pleading

***Exergen v. Wal-Mart Stores*, 575 F.3d 1312 (Fed. Cir. Aug. 4, 2009)**

> "[T]o plead the 'circumstances' of inequitable conduct with the requisite 'particularity' under Rule 9(b), the pleading must identify the specific who, what, when, where, and how of the material misrepresentation or omission committed before the PTO. Moreover, although 'knowledge' and 'intent' may be averred generally, a pleading of inequitable conduct under Rule 9(b) must include sufficient allegations of underlying facts from which a court may reasonably infer that a specific individual (1) knew of the withheld material information or of the falsity of the material misrepresentation, and (2) withheld or misrepresented this information with a specific intent to deceive the PTO."

Inequitable Conduct - Intent

***In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. Aug. 31, 2009)**

- A trademark opposition.
- Board concluded that attorney "should have known" that averred "use" was not sufficient.
- Board erred in applying a "simple negligence standard."
- It should have required a showing of an intent to deceive.

Inequitable Conduct - Scope

***Avid ID Sys. v. Crystal Import*, 603 F.3d 967 (Fed. Cir. Apr. 27, 2010)**

- Affirmed a finding of inequitable conduct by the patentee's president/founder.
- Founder was "substantially involved" with the prosecution under 37 CFR § 1.56:
  - involved in all major operations of the company,
  - hired the inventors, and
  - had received certain communications relating to the patent application.
- Linn dissent: to be "substantially involved" in the prosecution, a person needs to be engaged in the preparation or prosecution, and be "sufficiently apprised of the technical details or legal merits of the application as to be able to assess the materiality of any information they may know or discover as the application is prepared or prosecuted."

Inequitable Conduct – *En banc*

***Therasense, Inc. v. Becton, Dickinson & Co.*, 593 F.3d 1289 (Fed. Cir. Jan. 25, 2010):**

> Questions:
> (1) Should the materiality-intent-balancing framework for inequitable conduct be modified or replaced?
>
> (2) If so, how? In particular, should the standard be tied directly to fraud or unclean hands? If so, what is the appropriate standard for fraud or unclean hands?
>
> (3) What is the proper standard for materiality? What role should the United States Patent and Trademark Office's rules play in defining materiality? Should a finding of materiality require that but for the alleged misconduct, one or more claims would not have issued?
>
> (4) Under what circumstances is it proper to infer intent from materiality?
>
> (5) Should the balancing inquiry (balancing materiality and intent) be abandoned?
>
> (6) Whether the standards for materiality and intent in other federal agency contexts or at common law shed light on the appropriate standards to be applied in the patent context.

En banc oral argument: November 9, 2010.

Marking

"Take a Walk on the Wild Side"
– Mark Wallberg a/k/a Marky Mark, via Lou Reed

Marking

Forest Group v. Bon Tool Co.,* 590 F.3d 1295 *(*Fed. Cir. Dec. 28, 2009*)

- $500 false marking limit attaches to each item sold, rather than to each model of a device or each decision to mark the product.

***Pequignot v. Solo Cup*, 608 F.3d 1356 (Fed. Cir. June 10, 2010)**

- Marking with an expired patent number can be false marking.
- For intent, false marking creates a "weak" rebuttable presumption of an intent to deceive the public.
- Patentee can use legal advice to rebut.

***Stauffer v. Brooks Brothers*, __ F.3d __ (Fed. Cir. Aug. 31, 2010)**

- District court erred in finding that patent attorney lacked standing to sue, because the statute says "any person" may sue.

Section 112
Enablement
Written Description

No Graphic

Too Boring

Enablement

Ariad Pharm., Inc. v. Eli Lilly & Co., 598 F.3d 1336 (Fed. Cir. Mar. 22, 2010) (en banc)

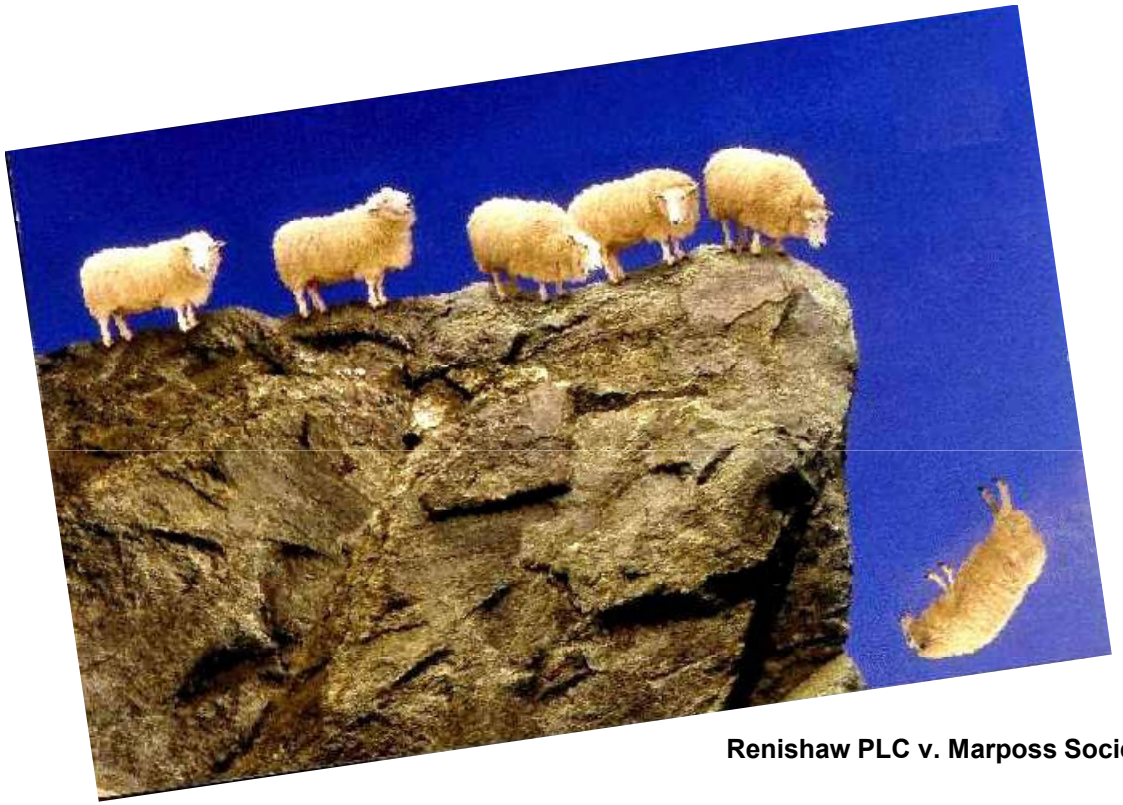
- Issue: Should there be a separate written description requirement?
  - Answer: Yes.

- Issue: If so, what should the standard be?
  - Answer: Same as always.

Halliburton Energy Servs., Inc. v. M-I LLC, __ F.3d __ (Fed. Cir. Jan. 25, 2008)

ICU Medical, Inc. v. Alaris Med. Sys., Inc., 558 F.3d 1368 (Fed. Cir. Mar. 13, 2009)

LizardTech, Inc. v. Earth Resource Mapping, Inc., 424 F.3d 1336 (Fed. Cir. 2005)



Renishaw PLC v. Marposs Societa' per Azioni, 158 F.3d 1243 (Fed. Cir. Sept. 16, 1998)

Bell Atlantic Network Servs., Inc. v. Covad Communications Group, Inc., 262 F.3d 1258 (Fed. Cir. Aug. 17, 2001)

Brookhill-Wilk 1, LLC v. Intuitive Surgical, Inc., 326 F.3d 1215 (Fed. Cir. Apr. 11, 2003)

Terms:	*Narrow*	*Medium*	*Broad*	*Broader*	*Broader*	*Broader*
Construction:	*Narrow*	*Medium*	*Broad*	*Broader*	*Narrow*	*Invalid*

Written Description

Anascape v. Nintendo of Am., 601 F.3d 1333 (Fed. Cir. Apr. 13, 2010)

- Issue: could patent obtain a priority date to an early application?
    - original application disclosed only a single “input member” for a computer joystick that sensed motion in six degrees of freedom.
    - Claims: multiple input members that each sensed motion in fewer than six degrees of freedom.

- Court held that there was no support, even though the application discussed systems that sensed fewer than six degrees of freedom, because that discussion was aimed at the prior art, and not of the patented invention.

Split Infringement

Golden Hour Data v EMSCharts, __ F.3d __ (Fed. Cir. Aug. 9, 2010)

- Prior cases held that, for split activity to infringe, one party must control the other.
- Majority summarily affirms the district court's JMOL that there was not control or direction.
- Newman Dissent: there should be joint infringement when the parties collaborate to infringe.

Prosecution

***Encyclopaedia Britannica, Inc. v. Alpine Electronics of Am., Inc.*, 609 F.3d 1345 (June 18, 2010)**

- Held first that each application in a priority chains needs to have a proper priority claims (cannot simply fix it at the end).

- Passed on on, but set up, the issue of whether a CON can be filed on the Tuesday that its parent issues.
  - MPEP explicitly says this is okay.
  - But statute says CON must be filed "*before* the patenting or abandonment of or termination of proceedings on the first application."