

Precedential Patent Case Decisions During September, 2016

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I. Introduction

This paper abstracts what I believe to be the most significant new points of law from the precedential decisions in patent cases this month. Cases relating to the PTAB are in red font. Cases of extraordinary importance are in blue font.

II. Abstracts of New Points of Law

Edwin Lyda v. CBS Corporation, 2015-1923 (Fed. Cir. 9/30/2016). Procedural issue, FRCP 12(b)(6) and sufficiency of pleadings. The procedural issue in this case is whether form 18 is (or was, since Form 18 was abrogated in 2015) a safe harbor for pleadings sufficiency for joint infringement claims. The Federal Circuit held that its Form 18 law applied to cases terminated prior to the abrogation of Form 18.

The Appendix of Forms, including Form 18, and Federal Rule of Civil Procedure 84, which provides that the forms “suffice under these rules,” were both eliminated from the Federal Rules of Civil Procedure following changes that took effect on December 1, 2015. When adopting these changes, the Supreme Court stated that the rule change “shall govern in all proceedings in civil cases thereafter commenced [after December 1, 2015] and, insofar as just and practicable, all proceedings then pending.” *Supreme Court of the United States, Order Regarding Amendments to the Federal Rules of Civil Procedure* (U.S. Apr. 29, 2015), [https://www.supremecourt.gov/orders/courtorders/frcv15\(update\)_1823.pdf](https://www.supremecourt.gov/orders/courtorders/frcv15(update)_1823.pdf). Defendants argue that because Form 18 has been abrogated, it does not apply to this case. But the Amended Complaint was filed in 2014, and the case was terminated when the complaint was dismissed in July 2015. Accordingly, we determine that the repeal of Form 18 does not apply to this case. [Edwin Lyda v. CBS Corporation, 2015-1923, footnote 2 (Fed. Cir. 9/30/2016).]

But the Court held that its Form 18 law did not provide a pleadings safe harbor for joint infringement claims.

For claims of direct patent infringement, this court has determined that the pleading requirements of Form 18 suffice to survive a motion to dismiss. [Footnote 2 omitted.] See *In re Bill of Lading Transmission & Processing Sys. Patent Litig.*, 681 F.3d 1323, 1334 (Fed. Cir. 2012). Form 18, in the Appendix to the Federal Rules of Civil Procedure, is titled “Complaint for Patent Infringement” and provides a sample allegation of direct infringement. We have stated that when used properly, Form 18 “effectively immunizes a claimant from attack regarding the sufficiency of the pleading.” *K-Tech Telecomms., Inc. v.*

Time Warner Cable, Inc., 714 F.3d 1277, 1283 (Fed. Cir. 2013) (internal citation omitted). [Edwin Lyda v. CBS Corporation, 2015-1923 (Fed. Cir. 9/30/2016).]

We hold that Form 18 does not apply to a claim of joint patent infringement. Because Mr. Lyda's Amended Complaint fails to state a claim for relief under the *Twombly/Iqbal* pleading standard, we affirm the dismissal under Rule 12(b)(6). *** 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). [Edwin Lyda v. CBS Corporation, 2015-1923 (Fed. Cir. 9/30/2016).]

Finally, the Court disposed of a claim form issue. The claim form issue was impeding a finding that a claim, in the form of a system, was in fact a method claim to which the Court's joint infringement case law applied.

Our cases have applied joint infringement to method claims and not system claims. *See Centillion Data Sys. LLC v. Qwest Commc'ns Int'l Inc.*, 631 F.3d 1279, 1284 (Fed. Cir. 2011) (analyzing system claims under a different framework: "to 'use' a system for purposes of infringement, a party must put the invention into service, i.e., control the system as a whole and obtain benefit from it"). As we discussed above, the purported system claims asserted in this case are, in fact, method claims because the body of the claims require the performance of particular method steps. *** As noted above, the "system" claims here recite method steps, and the Amended Complaint pleads the system claims like method claims. Therefore, we, like the district court, treat them as method claims for this 12(b)(6) analysis. [Edwin Lyda v. CBS Corporation, 2015-1923, footnote 3 (Fed. Cir. 9/30/2016).]

The Court noted the form-based indefiniteness issue of the system claims, which supported its treatment of those claims as method claims. But indefiniteness was not up for grabs on appeal.

We recognize that claims reciting both a system and the method steps of using the system are indefinite under 35 U.S.C. § 112, second paragraph. *IPXL Holdings, L.L.C. v. Amazon.com, Inc.*, 430 F.3d 1377, 1384 (Fed. Cir. 2005) ("Because [the claim] recites both a system and the method for using that system, it does not apprise a person of ordinary skill in the art of its scope, and it is invalid under section 112, paragraph 2."). [Edwin Lyda v. CBS Corporation, 2015-1923, footnote 3 (Fed. Cir. 9/30/2016).]

Intellectual Ventures I LLC v. Symantec Corp., 2015-1769 (Fed. Cir. 9/30/2016). Legal Issue, 35 USC 101 subject matter eligibility.

In this case, the Federal Circuit affirmed the district court's 101 ineligibility holding of two patents and reversed the district court's 101 eligibility holding of a third patent, the '610 patent. The analysis of the first two patents does not cover new legal ground. However, the panel fractured over the '610 patent. Judge Dyk, writing for the majority, held that:

The '610 patent is directed to the use of well-known virus screening software within the telephone network [Footnote 11 omitted.] or the Internet. We have previously determined that performing otherwise abstract activity on the Internet does not save the idea from being patent-ineligible. *** so too the performance of an abstract concept in the environment of the telephone network is abstract, as *Intellectual Ventures v. Capitol One Bank* recognized. *** Nor does the asserted claim improve or change the way a computer functions. *** As the district court determined, claim 7 calls for ... [a] virus screening computer *** According to the specification, “[v]irus screening can be facilitated in the telephone network using either a *conventional* telephone network processor adapted to run associated virus screening software or an additional processor which runs virus screening software. *** There is no indication that the virus screening software installed on a conventional telephone network processor is any different than the virus screening software “[m]any computer users have . . . installed on their computers.” *Id.* at col. 1, ll. 10–11. These “generic computer components [are] insufficient to add an inventive concept to an otherwise abstract idea.” *TLI Commc 'ns*, 823 F.3d at 614. [Intellectual Ventures I LLC v. Symantec Corp., 2015-1769 (Fed. Cir. 9/30/2016).]

Of note, Judge Mayer's concurrent makes his views crystal clear that all software on a generic computer is patent *ineligible*:

I agree that all claims on appeal fall outside of 35 U.S.C. § 101. I write separately, however, to make two points: (1) patents constricting the essential channels of online communication run a foul of the First Amendment; and (2) claims directed to software implemented on a generic computer are categorically not eligible for patent.

If you are appealing a software based 101 issue, pray that Judge Mayer is not on your panel!

Judge Stoll dissented from the majority on the '610 patent, and would have found claim 7 patent eligible. She concluding that:

Claim 7 is eligible as an ordered combination. *** As described above, claim 7's inventive concept is moving virus screening software from its typical location on end users' computers and deploying it instead “within the telephone network” itself. '610 patent col. 14 l. 37. Thus, the invention harnesses network architecture and exploits it by utilizing a non-conventional and non-generic

arrangement of virus screening components, which improves overall network security and usability.

Drone Technologies, Inc. v. Parrot S.A., 2015-1892, (Fed. Cir. 9/29/2016). Procedural issue, FRCP 37(b), failure to comply with discovery orders. Here, the Federal Circuit vacated the District Court's default judgment, prompted by Parrot's resistance to discovery. The Federal Circuit detailed five instances in which the District Court failed to properly apply the local patent rules and/or explain its holdings. In considering to vacate, the Federal Circuit relied both on the finding that the District Court had abused its discretion, but also on the alternative ground that Parrot's actions did not meet the Third Circuit's case law criteria for default judgment being an appropriate sanction (factoring in the propriety of Parrot's resistance to discovery).

Discovery in patent cases in the Western District of Pennsylvania is governed by the Federal Rules of Civil Procedure and the district's local patent rules. *See* W.D. Pa. LPR (effective Dec. 1, 2009). Pertinent to the issue before us is Local Patent Rule 3.1 ("LPR 3.1"). While this case was pending in the district court, LPR 3.1 provided in relevant part as follows: ["With the Initial Disclosures of the party opposing a claim of patent infringement, such party shall produce *or make available for inspection and copying*, among other items: Source code, specifications, schematics, flow charts, artwork, formulas, drawings or other documentation . . . *sufficient to show* the operation of any aspects or elements of each accused apparatus, product, device, process, method or other instrumentality *identified in the claims pled* of the party asserting patent infringement["; emphasis in the original] *** First, the district court granted the Initial Motion even though it did not find (and Drone did not show) that Parrot had failed to meet its obligations under LPR 3.1. *** Second, in the July 1 and July 25 Orders, the district court appears to have overlooked the "sufficient to show" limitation in LPR 3.1 by forcing Parrot to turn over "all" of its technical information "relating to the operation of the accused products." *** Third, in the July 1 and July 25 Orders, the district court also appears to have overlooked the "make available for inspection and copying" language in LPR 3.1 by directing Parrot to "produce" all information. *** Fourth, the district court's July 1 and July 25 Orders failed to take into account the "identified in the claims pled" limitation in LPR 3.1 by forcing Parrot to produce documents relating to the Bebop Drone and MiniDrones. None of these products were identified in Drone's complaint or otherwise accused of infringement. *** Finally, the July 1 and July 25 Orders failed to address the absence of any showing of relevance or need for any evidence of relevance or need, discovery relating to the Bebop Drone and MiniDrones should not have been granted based solely on Drone's suspicion. *** Taken together, the errors discussed above convince us that the district court abused its discretion in granting Drone's Initial and Second Motions and in issuing the associated July 1 and July 25 Orders. Accordingly, the July 1 and July 25 Orders are vacated. [Drone Technologies, Inc. v. Parrot S.A., 2015-1892 (Fed. Cir. 9/29/2016).]

In footnote 3, the Federal Circuit also comments on the propriety of requiring production of source code, generally, in view of the new proportionality requirements in FRCP 26.

We also think the district court should have compared the needs of the case with both the burden placed on Parrot to produce “all source code” and the significant consequences that might result from unauthorized or inadvertent disclosure. Despite the well-intentioned provisions of protective orders designed to guard confidential information, “there may be circumstances in which even the most rigorous efforts of the recipient of such [sensitive] information to preserve confidentiality in compliance with . . . a protective order may not prevent inadvertent compromise.” *In re Deutsche Bank Trust Co. Ams.*, 605 F.3d 1373, 1378 (Fed. Cir. 2010). In addition, it is well recognized among lower courts that source code requires additional protections to prevent improper disclosure because it is often a company’s most sensitive and most valuable property. *See, e.g., Via Vadis Controlling GmbH v. Skype, Inc.*, No. Civ.A. 12-MC-193, 2013 WL 646236, at *3 (D. Del. Feb. 21, 2013) (noting that source code might represent a company’s “most sensitive and confidential property” and that, in “U.S. litigation, extreme measures are ordered to protect [its] confidentiality”). As a result, district courts regularly provide for additional restrictions on discovery to account for the unique characteristics of source code. Indeed, after this case was decided, the Western District of Pennsylvania adopted more robust protections for source code. *See* W.D. Pa. App’x LPR 2.2 ¶¶ 12–19 (effective Dec. 5, 2015). Although there is no source-code exception to the production requirements of the Federal Rules, the district court should have considered these concerns in light of the proportionality requirements of Federal Rule 26(b)(2)(C). [*Drone Technologies, Inc. v. Parrot S.A.*, 2015-1892, footnote 3 (Fed. Cir. 9/29/2016).]

Affinity Labs of Texas, LLC v. DirecTV, LLC, 2015-1845 (Fed. Cir. 9/23/2016). Legal issue, 35 USC 101 patentable subject matter. The Federal Circuit found the claims, in step 1 of an *Alice* analysis, to be functional claiming limited to a field of use, and therefore to an abstract idea.

The concept of providing out-of-region access to regional broadcast content is an abstract idea, as that term is used in the section 101 context. *** The ’379 patent claims the function of wirelessly communicating regional broadcast content to an out-of region recipient, not a particular way of performing that function. While independent claim 1 refers to general components such as a cellular telephone, a graphical user interface, and a downloadable application, the claimed invention is entirely functional in nature. It recites software in the form of “an application configured for execution by the wireless cellular telephone device” that performs three functions: (1) it presents a listing of available media choices on a display on the cellular telephone; (2) it enables the telephone “to transmit a request for the regional broadcasting channel”; and (3) it enables the

telephone “to receive a streaming media signal in the . . . device corresponding to the regional broadcasting channel” when the device is outside of the range of the regional broadcaster. There is nothing in claim 1 that is directed to how to implement out-of-region broadcasting on a cellular telephone. Rather, the claim is drawn to the idea itself. To be sure, the ’379 patent claims the wireless delivery of regional broadcast content only to cellphones. In that sense, the claims are not as broad as the abstract idea underlying them, which could apply to the delivery of out-of-region content to any electronic device. That restriction, however, does not alter the result. All that limitation does is to confine the abstract idea to a particular technological environment—in this case, cellular telephones. The Supreme Court and this court have repeatedly made clear that merely limiting the field of use of the abstract idea to a particular existing technological environment does not render the claims any less abstract. [Affinity Labs of Texas, LLC v. DirecTV, LLC, 2015-1845 (Fed. Cir. 9/23/2016).]

Affinity Labs of Texas, LLC, v. Amazon.com Inc., 2015-2080 (Fed. Cir. 9/23/2016). Legal issue, 35 USC 101 patentable subject matter. The Federal Circuit found the claims, in step 1 of an *Alice* analysis, to be directed to functional claiming limited to a field of use, and therefore to an abstract idea.

...we hold that the concept of delivering user-selected media content to portable devices is an abstract idea, as that term is used in the section 101 context. *** The patent, however, does not disclose any particular mechanism for wirelessly streaming content to a handheld device. The specification describes the function of streaming content to a wireless device, but not a specific means for performing that function. *** The purely functional nature of the claim confirms that it is directed to an abstract idea, not to a concrete embodiment of that idea. *See Elec. Power Grp., LLC v. Alstom S.A.*, No. 2015-1778, slip op. 12 (“[T]he essentially result-focused, functional character of claim language has been a frequent feature of claims held ineligible under § 101.”). [Affinity Labs of Texas, LLC, v. Amazon.com Inc., 2015-2080 (Fed. Cir. 9/23/2016).]

In an effort to show that claim 14 is not directed to an abstract idea, Affinity focuses in particular on the recitation of a “customized user interface” in that claim. *** The term “customized user interface,” as used in the ’085 patent, is not limited to any particular form of customization, but covers the general idea of customizing a user interface. Like the basic concept of tailoring content to a user, as in *Intellectual Ventures I*, the basic concept of customizing a user interface is an abstract idea. [Affinity Labs of Texas, LLC, v. Amazon.com Inc., 2015-2080 (Fed. Cir. 9/23/2016).]

Cox Communications, Inc. v. Sprint Communication Company, 2016-1013 (Fed. Cir. 9/23/2016). Legal issue, 35 USC 112, indefiniteness. The Court holds that, if a claim has words that “play[] no discernable role in defining the scope of the claims” then those words do not

render the claims indefinite.

Sprint appeals the grant of summary judgment of invalidity for indefiniteness. *** At the outset, we note that the parties have agreed that “processing system” is not a means-plus-function term. *** Section 112 requires that “[t]he specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or a joint inventor regards as the invention.” 35 U.S.C. § 112, ¶ 2. *** This case presents a peculiar scenario: the sole source of indefiniteness that Cox complains of, “processing system,” plays no discernable role in defining the scope of the claims. All of the asserted claims are method claims, and the point of novelty resides with the steps of these methods, not with the machine that performs them. “Processing system” is merely the locus at which the steps are being performed. The plain language of the claims proves this point: if claim 1 of the ’3,561 patent (which the parties agree is exemplary for the control patents) were revised to remove the word “processing system,” the meaning would not discernably change. *** As *Nautilus* instructs, the dispositive question in an indefiniteness inquiry is whether the “claims,” not particular claim terms, “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.” [Footnote 3 omitted.] 134 S. Ct. at 2129. *** In sum, “processing system” does not render the claims indefinite because it does not prevent the claims, read in light of the specification and the prosecution history, from informing those skilled in the art about the scope of the invention with reasonable certainty. [*Cox Communications, Inc. v. Sprint Communication Company*, 2016-1013 (Fed. Cir. 9/23/2016).]

[Husky Injection Molding Systems Ltd. v. Athena Automation Ltd.](#), 2015-1726 (Fed. Cir. 9/23/2016).

Jurisdictional issue, whether the Federal Circuit can review PTAB interpretation whether assignor estoppel is applicable to bar PTAB AIA petitions. This case arose from an appeal in IPR2015-1726. The majority, consisting of Judges Lourie and Stoll, holds that 314(d) bars the Federal Circuit from reviewing the PTAB's decision whether assignor estoppel can bar a PTAB AIA petition. Judge Plager dissented, contending that the "majority's reasoning is mistaken" in view of the Supreme Court *Cuozzo* decision. PTAB decisions have uniformly rejected assignor estoppel as barring IPR review and therefore (unless the Federal Circuit *en banc* changes its 314(d) jurisprudence in view of *Cuozzo*), assignor estoppel arguments by patent owners in response to PTAB petitions are dead on arrival. In *Husky*, the Federal Circuit held that:

Although we conclude that the assignor estoppel question is not entitled to review under the three exceptions in *Cuozzo II*, we must nevertheless further determine if, despite the question's close ties to the decision to institute, the question relates to the Board's ultimate invalidation authority. We conclude that it does not. *** For the reasons articulated above, we conclude that we lack

jurisdiction to review the Board's determination on whether assignor estoppel precludes it from instituting inter partes review. We therefore dismiss Husky's appeal, and express no opinion on the merits of the Board's conclusion that assignor estoppel may not bar an assignor or his or her privies from petitioning for inter partes review. [Husky Injection Molding Systems Ltd. v. Athena Automation Ltd., 2015-1726 (Fed. Cir. 9/23/2016).]

Legal issue, 35 USC 102 anticipation, and incorporation-by-reference. Husky also provides clarification on factual situations in which incorporation-by-reference exists. Here, the combination of a generic incorporation-by-reference coupled with a vague but decipherable-to-a-PHOSITA reference to an element of the incorporated document, here the mechanism securing tie-bar nuts, was sufficient to be deemed an incorporation-by-reference.

...Two specific paragraphs in Glaesener are at issue. The first reads: "The tie-bar nuts can be secured . . . by any appropriate mechanism, such as the pineapple and toothed-ring mechanism described in [Choi]." Glaesener ¶ 0035. The second reads: "All cross-referenced patents and application[s] referred to in this specification are hereby incorporated by reference." Id. ¶ 0049. The Board determined that neither paragraph identifies with sufficient particularity what material from Choi Glaesener meant to incorporate. *** We agree; Glaesener identifies with sufficient particularity what it incorporates from Choi. As an initial matter, the fact that Choi does not recite either of the words "pineapple" or "toothed-ring" throughout its disclosure is ultimately of no moment. The incorporation standard relies only on the reasonably skilled artisan and his or her ability to deduce from language, however imprecise, what a host document aims to incorporate. See *Harari*, 656 F.3d at 1331; *Advanced Display*, 212 F.3d at 1283; cf. *Gleave*, 560 F.3d at 1334 (A "reference need not satisfy an ipsissimis verbis [word-for-word] test" to anticipate.). *** Even so, Choi explicitly identifies toothed components when discussing its securing/clamping assemblies, i.e., its locking mechanism. And, importantly, Figure 3A discloses the only locking mechanism in Choi. *** A reasonably skilled artisan would thus appreciate Glaesener's reference of "pineapple and toothed-ring" to describe, with sufficient particularity, the above-referenced disclosure in Choi. To find otherwise would be to undervalue the knowledge of a skilled artisan. Indeed, Athena identified Figure 3a as the "pineapple and toothed-ring mechanism" Glaesener referred to both in its petition for inter partes review and during its trial at the Board. See J.A. 113–14; J.A. 441–42. Nothing more was required. [Husky Injection Molding Systems Ltd. v. Athena Automation Ltd., 2015-1726 (Fed. Cir. 9/23/2016).]

Classco, Inc. v. Apple, Inc., 2015-1853 (Fed. Cir. 9/22/2016). Legal issue, 35 USC 103, secondary indicia of non-obviousness. This decision arises from an appeal in an *inter partes* reexamination. While the Federal Circuit ultimately affirmed the Board, concluding that ClassCo's claims were unpatentable for obviousness, it disagreed with the Board's dismissal of

secondary indicia evidence, and clarified the law relating thereto.

The Court clarified that weight should be accorded to praise of features of an embodiment that were not available in the prior art:

As the Board correctly explained, much of ClassCo's evidence of praise focused on conventional features in the prior art. J.A. 11, 14. For example, ClassCo submitted news releases that praised its device's "voice-capable caller ID unit," J.A. 12, but, as the Board correctly explained, the prior art, including Fujioka, disclosed "storing identification data and producing a voice announcement (i.e. audio corresponding to identification data of a caller)." J.A. 11. The Board properly discounted this and other evidence relating to features that were in the prior art. But while the Board properly discounted some of ClassCo's evidence, it improperly dismissed some evidence of praise related to features that were not available in the prior art. *** For example, ClassCo presented an article from Teleconnect Magazine that praised ClassCo's product for enabling a user to pick up a ringing telephone and hear a caller's identification on the handset speaker before the line connects. By using a single speaker for both announcing a caller's identity and the telephone call, ClassCo's product enabled users to use an ordinary handset to both screen calls and take them: *** ClassCo submitted several other articles describing benefits derived from the singlespeaker feature. *** Neither party asserts that this single-speaker feature was readily available in the art, and the Board was wrong to dismiss it as such. [*Classco, Inc. v. Apple, Inc.*, 2015-1853 (Fed. Cir. 9/22/2016).]

The Court clarified that weight should be accorded to praise for an embodiment within the scope of a claim.

While claims 2 and 14, which depend from claim 1, also encompass the praised embodiment, the Board found the evidence not commensurate in scope with these claims on the ground that they are too broad, encompassing other embodiments. But "we do not require a patentee to produce objective evidence of nonobviousness for every potential embodiment of the claim." *Rambus*, 731 F.3d at 1257. Rather, "we have consistently held that a patent applicant 'need not sell every conceivable embodiment of the claims in order to rely upon evidence of [objective indicia of nonobviousness].'" *In re Glatt Air Techniques, Inc.*, 630 F.3d 1026, 1030 (Fed. Cir. 2011) (quoting *In re DBC*, 545 F.3d 1373, 1384 (Fed. Cir. 2008)). As such, the Board should have afforded ClassCo's evidence some weight, taking into account the degree of the connection between the features presented in evidence and the elements recited in the claims. There is no hard-and-fast rule for this calculus, as "[q]uestions of nexus are highly fact-dependent and, as such are not resolvable by appellate-created categorical rules and hierarchies as to the relative weight or significance of proffered evidence." *WBIP*, 2016 WL 3902668, at *8. Here, because claims 2 and 14 are considerably broader than the particular features praised in the articles, it would

be reasonable for the Board to assign this evidence little weight. [Footnote 3 omitted.] But, contrary to the finding of the Board, the evidence is due at least some weight. [Classco, Inc. v. Apple, Inc., 2015-1853 (Fed. Cir. 9/22/2016).]

The Court clarified that weight should be accorded to commercial success of a marketed product within the scope of the claim.

We also view the Board’s analysis of ClassCo’s evidence of commercial success as flawed. ClassCo presented testimony that its “sales volumes and growth of market share . . . [were] strong evidence of the commercial success of ClassCo products.” J.A. 1821. According to testimony presented by ClassCo, the market for ClassCo’s products consisted of “all Caller ID devices,” including those that simply displayed Caller ID. J.A. 1820–21. “ClassCo’s share of that [\$82,000,000] market was 0.8%.” J.A. 1821. The Board dismissed this testimony on the ground that “the market included ‘total number of units capable of audible announcement based on Caller ID’ but [ClassCo] does not demonstrate that the claims recite the system as ‘capable of audible announcement based on Caller ID.’” J.A. 14. The Board’s analysis improperly focuses on the market instead of ClassCo’s product. Our cases require consideration of whether “the marketed product embodies the claimed features.” *Brown & Williamson Tobacco Corp. v. Philip Morris Inc.*, 229 F.3d 1120, 1130 (Fed. Cir. 2000). If a patent owner makes this showing, “then a nexus is presumed and the burden shifts to the party asserting obviousness to present evidence to rebut the presumed nexus.” *Id.* ClassCo made that showing here. It presented un rebutted evidence that its products experienced some, albeit limited, commercial success, and that those products embodied the claimed features. This evidence deserved some weight in the obviousness analysis, and the Board’s blanket dismissal of it was in error. [Classco, Inc. v. Apple, Inc., 2015-1853 (Fed. Cir. 9/22/2016).]

Apple Inc. V. OpenTV, Inc., IPR2015-00969, paper 30 (PTAB 9/20/2016). Legal issue, 35 USC 112, claim construction and doctrine of prosecution history disclaimer. While only a non-precedential PTAB decision, this decision identifies two points of law. First, it indicates that an explanation in remarks accompanying an amendment regarding the meaning of a limitation added to distinguish over a reference are probative in finding a disclaimer. Second, it indicates that the finding of a disclaimer does not require the examiner to have accepted the limitations as resulting in patentability of the amended claim.

For the following reasons, we are persuaded by Patent Owner that the disclaimer is clear and unmistakable. First, the applicants amended their claims to add the limitations “filters specifying immediate action” and “filters specifying deferred action” (Ex. 1007, 0058, 0060–0063), argued that the proposed amendments distinguished the claims over the Shwed reference (*id.* at 0063), and stated, in remarks, that the “filtering methods” of the claims, as opposed to other aspects of the claims, distinguish over Shwed because they operate at Layers 6

and 7 (*id.* at 0064–0065). Second, the applicants’ remarks clearly were directed at the claim language of the amendments, namely “filters specifying immediate action” and “filters specifying deferred action,” rather than other aspects such as “opening a data stream” and “maintaining a database.” Considering this context, there is no ambiguity that the applicants intended to limit “filters specifying immediate action” and “filters specifying deferred action” to filters that operate between Layers 6 and 7 of the ISO protocol model. Further, as Patent Owner points out (PO Resp. 17), Petitioner initially interpreted the applicants’ remarks in this way. Pet. 17 (“The patentee during prosecution argued that the claimed filters operate ‘between the presentation and application levels (layers 6 and 7, respectively) of the seven-level ISO protocol model.’”) (Patent Owner’s emphasis)). Additionally, the District Court concluded that this disclaimer was clear and unmistakable. Ex. 2001, 8. [Apple Inc. V. OpenTV, Inc., IPR2015-00969, paper 30 (PTAB 9/20/2016) (Decision by APJ McKone, for a panel consisting of APJs Arpin, McKone, and Moore).]

Also, in summarizing the prosecution history, Petitioner contends that the Examiner rejected the argument that filters operating between Layers 6 and 7 distinguish the amended claims over the prior art. Pet. 13. According to Petitioner, the applicants made additional distinctions and arguments and conducted another interview with the Examiner before the Examiner allowed the claims. *Id.* at 13–14. At the oral argument, Petitioner argued that the Layers 6 and 7 distinction was not the reason that the claims were found to be patentable over Shwed. Tr. 16:9–20. The Federal Circuit has rejected such arguments, and so do we. *See Springs Window Fashions LP v. Novo Indus., L.P.*, 323 F.3d 989, 995 (Fed. Cir. 2003) (“[W]hen the applicant amended the claims and made accompanying remarks to overcome a rejection based on another patent, we stated that the fact that ‘the prosecution shifted to a different focus does not blunt the impact of those remarks made to overcome the prior rejection.’ . . . Because an examiner has the duty to police claim language by giving it the broadest reasonable interpretation, it is not surprising that an examiner would not be satisfied with the applicant’s insistence that particular claim language distinguishes a prior art reference, but that a court would later hold the patentee to the distinction he pressed during prosecution.” (citations omitted) (*quoting Desper Prods., Inc. v. QSound Labs, Inc.*, 157 F.3d 1325, 1336 (Fed. Cir. 1998))). As noted above, the applicants’ disclaimer here is similarly clear and unmistakable despite additional argument and amendment necessary to secure allowance of the claims. [Apple Inc. V. OpenTV, Inc., IPR2015-00969, paper 30 (PTAB 9/20/2016) (Decision by APJ McKone, for a panel consisting of APJs Arpin, McKone, and Moore).]

WesternGeco L.L.C. v. Ion Geophysical Corp. 2013-1527, footnote 3 (Fed. Cir. 9/21/2016). Legal issue, 35 USC 284, enhanced damages. Here, the Federal Circuit indicates that, post *Halo*, objective reasonableness can still be a factor for District Court's to consider in

determining whether to enhance damages.

After *Halo*, the objective reasonableness of the accused infringer's positions can still be relevant for the district court to consider when exercising its discretion. *** In short, as the Supreme Court itself has said, district courts should exercise their discretion, "tak[ing] into account the particular circumstances of each case," and consider all relevant factors in determining whether to award enhanced damages. *Halo*, 136 S. Ct. at 1933–34. [WesternGeco L.L.C. v. Ion Geophysical Corp., 2013-1527, footnote 3 (Fed. Cir. 9/21/2016).]

Procedural issue, waiver. The Court concluded that ION's failure to contest on appeal the jury's finding that ION had been subjectively willful, did not waive its right to contest this issue on remand. At the time of appeal, willfulness required findings of both subjective and objective willfulness. ION's argument on appeal that it was not objectively willful, coupled with the fact it raised that issue via motion before the district court and the district court had failed to decide that issue, precluded waiver on willfulness, including subjective willfulness.

ION did not waive its challenge to the willfulness verdict based on the lack of subjective willfulness by failing to raise it on the first appeal. At the time of the first appeal it had raised the issue in a JMOL motion but the district court did not decide that issue (the district court having ruled that there was a lack of objective willfulness, a ground then sufficient to set aside the willfulness verdict). *** We do not suggest that appellees in the future can avoid waiver by limiting discussion on the first appeal to just one aspect of the overall issue of enhanced damages since under the Supreme Court's decision in *Halo*, objective and subjective willfulness are no longer distinct issues. [WesternGeco L.L.C. v. Ion Geophysical Corp. 2013-1527, footnote 3 (Fed. Cir. 9/21/2016).]

Yeda Research and Development v. Abbott Gmbh & Co. KG, 2015-1662 (Fed. Cir. 9/20/2016). Legal issue, 35 USC 112, written description in a parent application. The Court noted that "the Board's decision [that the claim in the '915 application was entitled to the filing date of the '072 application] rested on the facts that the '072 application identified nine of the fifteen amino acids of the N-terminus sequences recited in the relevant claim." With that additional background fact, the Court concluded that:

...Whether the '915 patent is entitled to benefit from the '072 application's filing date depends on whether the '072 application provides adequate written description support for the invention claimed in the '915 patent. *** [T]he '072 ... [does not] disclose[] the full N-terminus sequence claimed in the '915 patent. Instead, ...[it] disclose[s] a partial N-terminus sequence, a protocol for obtaining the protein from its biological source, and additional properties of the protein, such as molecular weight, biological activity, and degradation characteristics when exposed to trypsin. The parties agree that the only protein containing the

N-terminus sequence set forth in the '072 application is TBP-II—i.e., the same protein claimed in the '915 patent. *** Under the doctrine of inherent disclosure, when a specification describes an invention that has certain undisclosed yet inherent properties, that specification serves as adequate written description to support a subsequent patent application that explicitly recites the invention's inherent properties. *See Kennecott*, 835 F.2d at 1423. In this case, it is undisputed that TBP-II is the only protein with the same partial N-terminus sequence and additional traits disclosed in the '072 application. J.A. 5024. Therefore, the '072 application inherently discloses the remaining amino acids in the N-terminus sequence of TBP-II and serves as adequate written description support for the patent claiming TBP-II. It is not necessary for an application to disclose a protein's complete N-terminus sequence in order to provide an adequate written description of that protein. Yeda relies on two cases where we declined to find inherent disclosure to argue that the doctrine of inherent disclosure does not extend to this case: *Hyatt v. Boone*, 146 F.3d 1348 (Fed. Cir. 1998) and *In re Wallach*, 378 F.3d 1330 (Fed. Cir. 2004). We disagree. Neither *Hyatt* nor *Wallach* involved the situation present in this case, where it is undisputed that the invention described in an earlier application was the exact invention claimed by the later patent. [*Yeda Research and Development v. Abbott Gmbh & Co. KG*, 2015-1662 (Fed. Cir. 9/20/2016).]

Wi-Fi One, LLC v. Broadcom Corporation, 2015-1944 (Fed. Cir. 9/16/2016). Procedural issue, whether 35 USC 314(d) bars review of the PTAB's determination whether 35 USC 315(b) bars an IPR trial.

In *Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652, 658 (Fed. Cir. 2015), we held that section 314(d) “prohibits this court from reviewing the Board’s determination to initiate IPR proceedings based on its assessment of the time-bar of § 315(b), even if such assessment is reconsidered during the merits phase of proceedings and restated as part of the Board’s final written decision.” Wi-Fi does not dispute that *Achates* renders its challenge to the Board’s timeliness ruling nonappealable if *Achates* is still good law. What Wi-Fi argues is that the Supreme Court’s recent decision in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016), implicitly overruled *Achates*. *** We see nothing in the *Cuozzo* decision that suggests *Achates* has been implicitly overruled. The Supreme Court stated that the prohibition against reviewability applies to “questions that are closely tied to the application and interpretation of statutes related to the Patent Office’s decision to initiate inter partes review.” Section 315 is just such a statute. The time-bar set forth in section 315 addresses who may seek inter partes review, while section 312 governs what form a petition must take. Both statutes govern the decision to initiate inter partes review. [*Wi-Fi One, LLC v. Broadcom Corporation*, 2015-1944 (Fed. Cir. 9/16/2016).]

Judge Reyna's concurrence calls for en banc review of *Achates*:

Our opinion in *Achates Reference Publishing v. Apple, Inc.*, 803 F.3d 652 (Fed. Cir. 2015), holds that a time bar decision is not reviewable—a holding that I believe should be reconsidered by the en banc court. *** A final decision concerning the time bar set forth by 35 U.S.C. § 315(b) should be subject to review. *** The time-bar question is not a “mine-run” claim, and it is not a mere technicality related only to a preliminary decision concerning the sufficiency of the grounds that are pleaded in the petition. See *Cuozzo*, 136 S. Ct. at 2136. *** *Cuozzo* explicitly notes that its holding does not “enable the agency to act outside its statutory limits” and that such “shenanigans” are properly reviewable. 136 S. Ct. at 2141–42. That admonition compels us to review allegations that the Board has ignored, or erred in the application of, the statutory time bar. [Wi-Fi One, LLC v. Broadcom Corporation, 2015-1944 (Fed. Cir. 9/16/2016)(Judge Reyna, concurring.)]

Lifenet Health v. Lifecell Corporation, 2015-1549 (Fed. Cir. 9/16/2016). Procedural issue, what constitutes a disputed claim term triggering the requirement for the Court to construe term.

LifeCell argues that the district court’s failure to resolve a legal dispute regarding the scope of that limitation constituted error under *O2 Micro International Ltd. v. Beyond Innovation Technology Co.*, 521 F.3d 1351 (Fed. Cir. 2008). *** The problem with LifeCell’s argument is that it did not timely request modification of the district court’s claim construction. *** LifeCell merely sought to exclude testimony contrary to the district court’s claim construction (which, to be clear, was “[n]o further construction needed”) or to have the court instruct the jury as to the degree of removal. *** In sum, LifeCell’s evidentiary challenges and request for a claim construction did not adequately present the refashioned claim construction argument that it now raises on appeal. *** LifeCell’s discontent with the agreed upon construction of “internal matrix” or with the district court’s view of the longer phrase “said one or more plasticizers are not removed from [an] internal matrix of [the] plasticized soft tissue graft prior to implantation into a human” is not sufficient to give rise to an *O2 Micro* violation. [Lifenet Health v. Lifecell Corporation, 2015-1549 (Fed. Cir. 9/16/2016).]

Legal issue, 35 USC 112, claim construction. Apparatus claim recitation that plasticizers are "not removed... prior to" is satisfied unless and *until* the plasticizers are removed.

...claim 1 recites: *** said one or more plasticizers are not removed from said internal matrix of said plasticized soft tissue graft prior to transplantation into a human. *** LifeCell also argues that JMOL of no direct infringement is warranted because, regardless of how the limitation is construed, LifeCell itself does not directly infringe; rather, independent surgeons or their assistants prepare the grafts for transplantation. *** LifeCell relies on *Cross Medical Products, Inc.*

v. Medtronic Sofamor Danek, Inc., 424 F.3d 1293 (Fed. Cir. 2005), and *Centillion Data Systems, LLC v. Qwest Communications International, Inc.*, 631 F.3d 1279 (Fed. Cir. 2011), to argue that there can be no direct infringement by a single entity when a limitation is absent until a third party takes action. However, those cases are distinguishable. In *Cross Medical*, we held that surgical implants with an interface that had to be “operatively joined” to a segment of bone could not be directly infringed by the manufacturer insofar as that party “d[id] not itself make an apparatus” with the relevant portion already in contact with bone. 424 F.3d at 1311. Rather, a third party surgeon had to “actually bring the [relevant part] into contact with bone.” *Id.* at 1310. Similarly, in *Centillion*, we held that the accused infringer, who provided software to customers, did not itself practice a limitation requiring a “personal computer data processing means” because “it is entirely the decision of the customer whether to install and operate th[e] software on its personal computer data processing means.” 631 F.3d at 1287. The claimed inventions in *Cross Medical* and *Centillion* affirmatively required action by a third party, without which a limitation would be absent. Here, in contrast, the non-removal limitation clarifies that the recited plasticizer has not been removed and, because the plasticizer is biocompatible, can remain in the internal matrix of the tissue graft during transplantation, i.e., it need not ever be removed. This limitation is met without action by a third party. It is satisfied by the graft from the moment it is manufactured unless and until the plasticizer is removed from the internal matrix before transplantation. Therefore, the non-removal limitation does not relieve LifeCell of direct infringement. [*Lifenet Health v. Lifecell Corporation*, 2015-1549 (Fed. Cir. 9/16/2016).]

McRO, Inc. v. Bandai Namco Games America, 2015-1080 (Fed. Cir. 9/13/2016). Legal issue, 35 USC 101 subject matter eligibility. The Federal Circuit reversed, finding that the claims were not patent ineligible. The court noted that the claimed invention improved an existing technological process, "by allowing the automation of further tasks." The court also noted that while the result of the claimed process was an intangible sequence of synchronized, animated characters, tangibility is not required for patentability.

Claim 1 of the '576 patent is focused on a specific asserted improvement in computer animation, i.e., the automatic use of rules of a particular type. We disagree with Defendants' arguments that the claims simply use a computer as a tool to automate conventional activity. While the rules are embodied in computer software that is processed by general-purpose computers, Defendants provided no evidence that the process previously used by animators is the same as the process required by the claims. See Defs.' Br. 10–15, 39–40. In support, Defendants point to the background section of the patents, but that information makes no suggestion that animators were previously employing the type of rules required by claim 1. Defendants concede an animator's process was driven by subjective determinations rather than specific, limited mathematical rules. The prior art “animator would decide what the animated face should look like at key points in

time between the start and end times, and then ‘draw’ the face at those times.” Defs.’ Br. 10. The computer here is employed to perform a distinct process to automate a task previously performed by humans. McRO states that animators would initially set keyframes at the point a phoneme was pronounced to represent the corresponding morph target as a starting point for further fine tuning. J.A. 3573 at 8:53 (McRO’s Claim Construction Presentation). This activity, even if automated by rules, would not be within the scope of the claims because it does not evaluate sub-sequences, generate transition parameters or apply transition parameters to create a final morph weight set. It is the incorporation of the claimed rules, not the use of the computer, that “improved [the] existing technological process” by allowing the automation of further tasks. *Alice*, 134 S. Ct. at 2358. This is unlike *Flook*, *Bilski*, and *Alice*, where the claimed computer-automated process and the prior method were carried out in the same way. *Flook*, 437 U.S. at 585–86; *Bilski*, 561 U.S. at 611; *Alice*, 134 S. Ct. at 2356. [*McRO, Inc. v. Bandai Namco Games America*, 2015-1080 (Fed. Cir. 9/13/2016).]

Further, the automation goes beyond merely “organizing [existing] information into a new form” or carrying out a fundamental economic practice. *Digitech*, 758 F.3d at 1351; *see also Alice*, 134 S. Ct. at 2356. The claimed process uses a combined order of specific rules that renders information into a specific format that is then used and applied to create desired results: a sequence of synchronized, animated characters. While the result may not be tangible, there is nothing that requires a method “be tied to a machine or transform an article” to be patentable. *Bilski*, 561 U.S. at 603 (discussing 35 U.S.C. § 100(b)). The concern underlying the exceptions to § 101 is not tangibility, but preemption. *Mayo*, 132 S. Ct. at 1301. [*McRO, Inc. v. Bandai Namco Games America*, 2015-1080 (Fed. Cir. 9/13/2016).]

Dynamic 3d Geosolutions LLC v. Schlumberger Ltd, 2015-1628 (Fed. Cir. 9/12/2016). Legal issue, attorney duty of loyalty to a client or former client. In this case, the action was dismissed without prejudice, due to the Plaintiff’s counsel’s possession and use of confidential knowledge of the Defendant obtained while counsel was employed by the defendant.

We recognize that there are important societal rights implicated by attorney disqualification, such as the right of a party to counsel of its choice and an attorney’s right to freely practice his or her profession. However, there is an overriding countervailing concern suffusing the ethical rules: a client’s entitlement to an attorney’s adherence to her duty of loyalty, encompassing a duty of confidentiality. *See In re Am. Airlines*, 972 F.2d at 616–20; Texas Disciplinary Rules r. 1.06 cmts. 1, 2; ABA Model Rules r. 1.9 cmts. 4, 7; *see also Brennan’s Inc. v. Brennan’s Restaurants, Inc.*, 590 F.2d 168, 172 (5th Cir. 1979) (“The obligation of an attorney not to misuse information acquired in the course of representation serves to vindicate the trust and reliance that clients place in their

attorneys. A client would feel wronged if an opponent prevailed against him with the aid of an attorney who formerly represented the clients in the same matter. . . . [T]his would undermine public confidence in the legal system as a means for adjudicating disputes.”). Accordingly, the obligation to protect a client’s confidential information exists as part of the larger duty of loyalty owed to clients to maintain the integrity of the attorney–client relationship. [Dynamic 3d Geosolutions LLC v. Schlumberger Ltd, 2015-1628 (Fed. Cir. 9/12/2016).]

Requirement that the prior work be "substantially related".

The district court in this case first found that Rutherford’s work at Schlumberger was substantially related to her current work at Acacia. *** We agree with Schlumberger that the district court did not clearly err in finding that Rutherford’s work for Schlumberger, and for Acacia and Dynamic 3D, were substantially related. Rutherford occupied senior counsel, director, and deputy general counsel positions in a large company’s intellectual property department. The record documents her involvement at Schlumberger in a project specifically evaluating a product later accused of infringement by Acacia, and the risks of such an infringement suit. Rutherford’s representation at Schlumberger included efforts to license Petrel when the later-accused features of the product existed in the older versions with which Rutherford was involved. We will therefore not disturb the district court’s finding that Rutherford’s employment with Schlumberger was more than tangentially related to the issues in the present suit. [Dynamic 3d Geosolutions LLC v. Schlumberger Ltd, 2015-1628 (Fed. Cir. 9/12/2016).]

The acquired knowledge was imputed to all of Plaintiff’s attorneys.

The district court then determined that the acquired knowledge should be imputed to all Acacia attorneys for purposes of participating in Dynamic 3D’s suit against Schlumberger. *** We agree with the district court that regardless whether the presumption was irrebuttable or rebuttable, there was a presumption that was not rebutted. Dynamic 3D and Acacia failed to show that knowledge of Schlumberger’s confidential information should not be imputed to Acacia’s other in-house counsel. The ethical standards are clear that lawyers similarly associated have had conflicts imputed to them. *See* Texas Disciplinary Rules r. 1.10; ABA Model Rules r. 1.9(b). Although the Fifth Circuit does not subscribe to the “taint” theory for imputing conflicts, it focuses on remaining “sensitive to preventing conflicts of interest” and “rigorously appl[ies] the relevant ethical standards.” *See In re Am. Airlines*, 972 F.2d at 611. Acacia admitted at oral argument that there was no ethical screening wall or other objective measures implemented to prevent confidential information from being used, to disadvantage Schlumberger. Here, there was a clear conflict of interest for Rutherford, and the principles underlying the ethical standards mandate extending the disqualification to Acacia’s other

in-house attorneys. [Dynamic 3d Geosolutions LLC v. Schlumberger Ltd, 2015-1628 (Fed. Cir. 9/12/2016).]

The district court lastly extended the disqualification to CEP, interpreting Fifth Circuit case law on disqualifying co-counsel as shifting the evidentiary burden to Dynamic 3D to prove non-disclosure after Schlumberger met its burden to create a rebuttable presumption of disclosure. *** Dynamic 3D and Acacia’s arguments focus on presumptions and actual disclosure, ignoring the totality of the duty owed to clients. Here, Rutherford disregarded the duty of loyalty and communicated confidential information not only to other in-house counsel but also to outside counsel, and thus the district court did not clearly err in imputing the conflict of interest to outside counsel as well as to in-house counsel. [Dynamic 3d Geosolutions LLC v. Schlumberger Ltd, 2015-1628 (Fed. Cir. 9/12/2016).]

Dismissal, not just disqualification, was appropriate because otherwise “the case would be tried on a record developed primarily through the fruits of [the disqualified attorney]’s unethical labor.”

Based on the facts of this case, we find that the district court in its abbreviated analysis on this point did not abuse its discretion in dismissing all pleaded claims without prejudice. *** The district court’s decision is not without precedent[.] In *Doe v. A Corp.*, the Fifth Circuit affirmed a district court’s decision disqualifying counsel and dismissing part of the case without prejudice. 709 F.2d 1043, 1045, 1050– 51 (5th Cir. 1983). Some district courts have granted a period of time for a party to retain new counsel after disqualification, which appears to be typically 45 days. *See, e.g., McIntosh v. State Farm Fire & Cas. Co.*, No. 1:06-cv-1080, 2008 WL 941640, at *2 (S.D. Miss. Apr. 4, 2008) (granting 45 days to retain new counsel after attorney disqualification, after which failure to do so or to proceed pro se would make case “eligible for dismissal without prejudice”); *see also Sumpter v. Hungerford*, No. 12-717, 2013 WL 2181296, at *11 (E.D. La. May 20, 2013) (ordering new counsel within 45 days after attorney disqualification). Others, however, have found that continuing a case after disqualification without dismissal would greatly prejudice a party because “the case would be tried on a record developed primarily through the fruits of [the disqualified attorney]’s unethical labor.” *United States ex rel. Holmes v. Northrop Grumman Corp.*, No. 1:13-cv-85, 2015 WL 3504525 (S.D. Miss., June 3, 2015), *aff’d*, 642 F. App’x 373, 378 (5th Cir. 2016). [Dynamic 3d Geosolutions LLC v. Schlumberger Ltd, 2015-1628 (Fed. Cir. 9/12/2016).]

Stryker Corporation v. Zimmer, Inc., 2013-1668 (Fed. Cir. 9/12/2016). Legal issues: 35 USC 284 enhanced damages; 35 USC 285 attorney fees. On remand from the Supreme Court, the Federal Circuit restated the Supreme Court standards for finding willful infringement, enhanced damages, and attorneys fees, and remanded the case to the district court for new

determinations regarding enhanced damages and attorney's fees.

Restating the Supreme Court's test for a willful infringement determination

This case returns to us on remand from the Supreme Court of the United States. *** In making its willfulness determination, the district court applied the standard we had previously articulated in *Seagate*, *** The Supreme Court rejected this approach and explained that “[t]he subjective willfulness of a patent infringer, intentional or knowing, may warrant enhanced damages, without regard to whether his infringement was objectively reckless.” *Halo Elecs., Inc.*, 136 S. Ct. at 1932. The Supreme Court also rejected the use of a clear and convincing standard in favor of a preponderance of the evidence standard. *Id.* at 1934. [*Stryker Corporation v. Zimmer, Inc.*, 2013-1668 (Fed. Cir. 9/12/2016).]

Restating the Supreme Court's test for enhanced damages

This case returns to us on remand from the Supreme Court of the United States. *** In light of the new willfulness standard articulated by the Supreme Court, we also affirm the jury’s finding of willful infringement. *** After taking into consideration the circumstances of a particular case, a court may exercise its discretion and award enhanced damages under 35 U.S.C. § 284. *Halo Elecs., Inc.*, 136 S. Ct. at 1933. “[H]owever, such punishment should generally be reserved for egregious cases typified by willful misconduct.” *Id.* at 1934. *** We therefore affirm the jury’s finding of willful infringement. In doing so, we think the best course is to vacate the award of enhanced damages and remand to the district court for consideration of this issue. As *Halo* makes clear, the decision to enhance damages is a discretionary one that the district court should make based on the circumstances of the case, “in light of the longstanding considerations . . . as having guided both Congress and the courts.” *Id.* at 1934. Thus, it is for the district court to determine whether, in its discretion, enhancement is appropriate here. We therefore vacate the district court’s award of enhanced damages and remand to the district court so that it may exercise its discretion. [*Stryker Corporation v. Zimmer, Inc.*, 2013-1668 (Fed. Cir. 9/12/2016).]

Restating the Supreme Court's test for attorney fee awards

This case returns to us on remand from the Supreme Court of the United States. *** In light of the new willfulness standard articulated by the Supreme Court, we also affirm the jury’s finding of willful infringement. *** The district court’s award of attorneys’ fees was based solely on its determination that Zimmer was liable of willful infringement. Though we uphold the district court’s willfulness determination, it does not necessarily follow that the case is exceptional. As with the determination of whether enhanced damages are appropriate, “[d]istrict courts may determine whether a case is ‘exceptional’ in the

case-by-case exercise of their discretion, considering the totality of the circumstances.” *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756 (2014). Because there exist further allegations of litigation misconduct in this case and because the standard for finding an exceptional case has changed since the district court issued its ruling regarding attorneys’ fees, we also remand this issue for further consideration by the district court. [Stryker Corporation v. Zimmer, Inc., 2013-1668 (Fed. Cir. 9/12/2016).]

Apple Inc. v. OpenTV, Inc., IPR2015-00969, paper 29 (PTAB 9/10/2016) (Decision by APJ Arpin, for a panel consisting of APJs Arpin, McKone, and Moore). Procedural issue, timing of a request to terminate a PTAB proceeding. This case is a PTAB decision construing the timing provision in 35 USC 317(a) "has decided the merits". Here, the PTAB concludes that its informal determination of a decision, not the issuance of a written decision, is what "has decided the merits" means. In addition, the decision shows that the PTAB may deny a motion if all 35 USC 317(b) "collateral agreements" are not disclosed to both the Patent Owner and the Petitioner.

Apple Inc. (“Petitioner”) and OpenTV, Inc. (“Patent Owner”) move jointly to terminate each of the above-captioned proceedings. *** Although the panel has not yet issued a Final Written Decision in any of these proceedings, the panel deliberated and decided the merits of each proceeding before the requests were filed on August 4, 2016. [Footnote 3 omitted.] Further, although the parties have filed six separate agreements purportedly documenting their settlement, only one of these documents mentions Patent Owner, and the agreements involve signatories that have not been identified as real parties-in-interest. In addition, each of the parties acknowledges that it individually is not aware of the contents of some of the agreements. Here, according to their Joint Requests to File Settlement Agreement as Business Confidential, " ... each of the other agreements preclude one of the parties from disclosing it to the other of the parties. *Specifically, the Patent License Agreement between Kudelski and RPX cannot be shared with Petitioner. Also, the Agreement between Apple and RPX cannot be shared with Patent Owner.*" *** Because the parties are not able to consider the contents of all of the agreements purporting to settle their disputes, they cannot know whether, and we cannot rely on their assurances that, these agreements in fact settle their disputes. *** In consideration of the foregoing, it is hereby: ORDERED that the Joint Motion in each proceeding is denied[.] [Apple Inc. v. OpenTV, Inc., IPR2015-00969, paper 29 (PTAB 9/10/2016) (Decision by APJ Arpin, for a panel consisting of APJs Arpin, McKone, and Moore).]

Blast Motion, Inc. v. Zepp Labs, Inc., 15-CV-700 JLS (S.D. Cal. 9/9/2016). Procedural issue, stay of civil action. While only a district court case, *Blast* stands for the precedent that a court may lift a stay based upon the filing of IPR petitions, if the plaintiff agrees to proceed with the civil action for only those claims for which the PTAB rejected the petition.

On March 29, 2016, the Court granted in part Defendant Zepp Labs, Inc.’s

motion to stay, staying this entire action and ordering the parties to file a joint status report within seven days of the United States Patent and Trademark Office's (PTO) decisions on whether to institute inter partes review (IPR). (See ECF No. 62.) Presently before the Court is the parties' Joint Status Report on PTO Institution Decisions (ECF No. 44), informing the Court that the PTO issued institution decisions on August 29, 2016 (*id.* at 2). Plaintiff Blast Motion, Inc. requests that the Court "immediately lift the stay and set a scheduling conference to move forward with the litigation" (*id.* at 5), while Defendant argues that "[t]he Court's rationale for staying the case is just as applicable following the PTO's institution decisions, so the Court should continue its stay pending final resolution of the IPR proceedings" (*id.* at 5–6). In light of the PTO's decision to institute IPR only with respect to claims 1, 5–9, and 12–15 of U.S. Patent No. 8,905,855; claims 1, 2, 4, 7, and 8 of U.S. Patent No. 8,944,928; and claims 1, 6, 13, 14, 19–22, and 32 of U.S. Patent No. 8,941,723 (*id.* at 2–3) and given Plaintiff's willingness to "only proceed on its asserted patent claims that were subject to the PTO's decision to deny institution of IPR proceeding" (*id.* at 4), the Court **HEREBY LIFTS** the stay. The parties **SHALL CONTACT** Magistrate Judge Nita L. Stormes' chambers forthwith for the purposes of setting a scheduling conference. [Blast Motion, Inc. v. Zepp Labs, Inc., 15-CV-700 JLS (S.D. Cal. 9/9/2016).]

Asia Vital Components Co. v. Asetek Danmark A/S, 2015-1597 (Fed. Cir 9/8/2016). Legal issue, 28 USC 2201, jurisdiction for a declaratory judgment. The Court found that the patentee's actions showed an intent to enforce the patent, despite the fact that the patentee was unaware of the product causing the actual controversy. Hence, DJ jurisdiction existed.

We agree with AVC that the totality of circumstances indicates that an actual controversy existed between the parties at the time of the declaratory judgment complaint. Although the April 30, 2014 letter incorrectly accused AVC of manufacturing the Liqmax 120s, it was still a demand letter that referenced a product that AVC contends is similar to its own K7 and K9 products. Upon receiving the letter, AVC contacted Asetek, saying that it did not manufacture the Liqmax 120s, and then, in a follow-up email, AVC requested a meeting with Asetek "to discuss the related matter." J.A. 105. Instead of simply responding that it had made a mistake with respect to the Liqmax 120s, Asetek's August 2, 2014 email contained a number of statements that indicate that an actual controversy between the parties existed. For example, Asetek (1) rehashed the volatile relationship between the parties, saying that poor experiences with AVC in the past have "sown distrust in Asetek for AVC"; (2) stated that it "does not license its patents" generally and, more specifically, that it would not license them to AVC due to the previous conflicts between the parties; (3) accused AVC of "likely selling other infringing products in the United States"; (4) warned AVC that it "enforced its IP" and noted its "pending litigations against CoolIT and Cooler Master"—companies that AVC alleges sell products similar to the K7 and

K9; and (5) emphasized that it has been allowed a patent in the European Union with claims similar to the asserted patents and also has similar claims pending in China. J.A. 207. Such a response by Asetek clearly “demonstrate[s] intent to enforce a patent,” *Hewlett-Packard*, 587 F.3d at 1363, and is thus sufficient to conclude that a substantial controversy between the parties existed at the time of the complaint.

Asetek relies heavily on the fact that it never referenced AVC’s particular products or product line as potentially infringing, and, in fact, did not even know of AVC’s products at the time of the complaint. But we have not required such specific facts to find jurisdiction. See *ABB Inc. v. Cooper Indus., LLC*, 635 F.3d 1345, 1348 (Fed. Cir. 2011) (“[A] specific threat of infringement litigation by the patentee is not required to establish jurisdiction.”). Indeed, in *Arrowhead Industrial Water, Inc. v. Ecolochem, Inc.*, applying the stricter reasonable apprehension test, we stated that “a court may find a clear basis for a reasonable apprehension in all the circumstances, even when a patentee first learns of plaintiff’s conduct upon receipt of the complaint.” 846 F.2d 731, 738 (Fed. Cir. 1988). The question of jurisdiction does not turn on Asetek’s knowledge of the specific AVC products or whether Asetek specifically alleged that the K7 and K9 products infringed the asserted patents; instead, the question is whether, under all the circumstances, Asetek’s actions “can be reasonably inferred as demonstrating intent to enforce a patent.” *Hewlett-Packard*, 587 F.3d at 1363. We conclude that Asetek’s conduct demonstrates just that. [*Asia Vital Components Co. v. Asetek Danmark A/S*, 2015-1597 (Fed. Cir 9/8/2016).]

DJ plaintiff actions showing real and immediate

Asetek does not dispute these allegations but instead contends that they do not demonstrate “concrete plans” to engage in potentially infringing activities. We disagree. This is not the type of case where, at the time the complaint was filed, the accused products were far from being complete or operational and were susceptible to design changes, making it impossible to compare them against the asserted patents. *** Instead, AVC provided undisputed allegations that it has manufactured prototypes, has potential customers, and has a sufficiently immediate interest to request a license to clear the path for its intended entrance into the U.S. market. That is sufficient to meet the real and immediate test. [*Asia Vital Components Co. v. Asetek Danmark A/S*, 2015-1597 (Fed. Cir 9/8/2016).]

We similarly disagree with Asetek that AVC’s allegations provide insufficient information about whether the K7 and K9 products would infringe the asserted patents. AVC specifically stated that its products “may have a number of structural similarities to the accused products sold by Coolit Systems, Inc. and Cooler Master Co., Ltd.”—products which Asetek has alleged infringe the asserted patents—and that its products “are positioned to directly compete in the

market” against those of Cooler Master, Coolit Systems, Enermax, and even Asetek. *** Indeed, to require more from AVC would precipitate the anomalous result whereby a party seeking a declaration of *noninfringement* must show that its product is the same as the patented product in relevant respects. As is clear from our case law—and from common sense—that is not the test for jurisdiction. See *Arrowhead*, 846 F.2d at 738 (“It is at best incongruous to require that one seeking a declaration of noninfringement prove its process or product is the ‘same as’ or ‘identical’ to the patented process or product.”). [*Asia Vital Components Co. v. Asetek Danmark A/S*, 2015-1597 (Fed. Cir 9/8/2016).]

UCB, Inc. v. Yeda Research and Development Co., Ltd., 2015-1957 (Fed. Cir. 9/8/2016). Legal issue, 35USC 112, claim construction and prosecution history estoppel.

The district court granted summary judgment of non-infringement, holding that, based on the specification and prosecution history, the monoclonal antibodies claimed in the '923 patent are not infringed by the chimeric or humanized antibodies of the Cimzia® product. *** We affirm the district court’s judgment. *** The district court concluded that “the extrinsic evidence relied upon by Yeda’s experts does not support the conclusion that the understanding of ‘monoclonal antibodies’ in 1984 included either chimeric or humanized antibodies.” *Id.* The district court found that “for the first ten years of prosecution, neither Yeda nor the examiner understood the term ‘monoclonal antibodies’ to include chimeric or humanized antibodies.” *Id.* at 770. The district court held that Yeda’s unsuccessful attempt to claim chimeras in the pending application, with acquiescence in the examiner’s rejection on the ground of new matter not supported by the specification, prohibited now obtaining a claim construction that chimeric antibodies, or equivalents thereof, are described in the specification and included in the claims. *** Yeda argues that absent a narrowing amendment to the proposed claim that is now claim 1, there can be no prosecution estoppel to the scope of claim 1, merely because some proposed different claims were rejected by the examiner and then dropped by the applicant. That is not a correct general principle. Although each claim in a patent warrants independent consideration in light of its particular facts and history, the general rule is that a patent applicant cannot later obtain scope that was requested during prosecution, rejected by the Examiner, and then withdrawn by the applicant. [*UCB, Inc. v. Yeda Research and Development Co., Ltd.*, 2015-1957 (Fed. Cir. 9/8/2016).]

In re Natural Alternatives, LLC, (Fed. Cir. 8/31/2016) (nonprecedential). While nonprecedential, this case is *de facto* precedential to the extent that it clarifies a test for field of endeavor of the prior art in the analogous arts test, is the purpose disclosed in the prior art reference.

The PTO, in an attempt to salvage the Board’s decision, argues that both Daly and the '330 patent are in the same general field, namely, the transportation

industry. Our decision in *In re Clay*, 966 F.2d 656 (Fed. Cir. 1992) informs our analysis of whether two references in the same general industry are reasonably pertinent. In *Clay*, we held that the prior art reference “cannot be considered to be within Clay’s field of endeavor merely because both relate to the petroleum industry.” *Id.* at 659. *** The claimed invention in *Clay* related to storage of oil, whereas the prior art related to extraction of oil. Under such disparate conditions, the prior art could not be considered within the same field of invention. *Clay* is directly applicable to the present case, where Daly teaches the use of DSBM as ballast for the purpose of balancing tires. The ’330 patent teaches, in contrast, DSBM as part of a mixture to deice road surfaces. [*In re Natural Alternatives, LLC*, (Fed. Cir. 8/31/2016) (nonprecedential).]

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