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# **IMPORTANT IP CASES DECIDED IN 2015**

**TECHNOLOGY MAY-RATHON**

April 27, 2016

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## The Cases

- *Williamson v. Citrix Online, LLC*
- *Cuozzo Speed Tech., LLC v. Lee*
- *Limelight Networks v. Akamai Techs.*
- *In re Tam*
- *ePlus v. Lawson*
- *ClearCorrect v. Int'l Trade Commission*
- *The Medicines Company v. Hospira Inc.*
- *Commil v. Cisco*
- *Speedtrack*
- *Teva Pharmaceuticals USA v. Sandoz,*

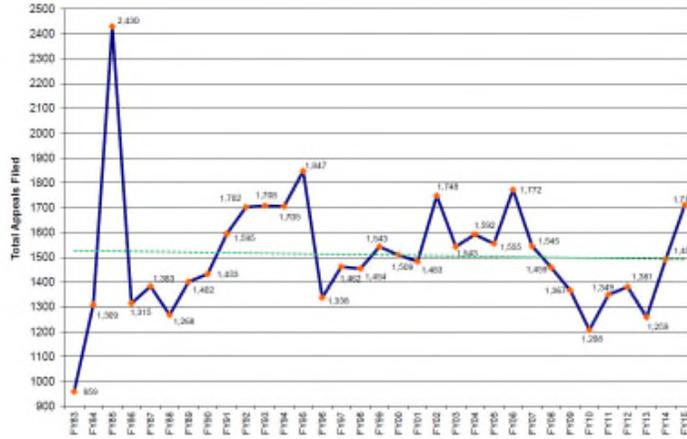
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## 2015 FEDERAL CIRCUIT CASELOAD STATISTICS

# Historical Caseload

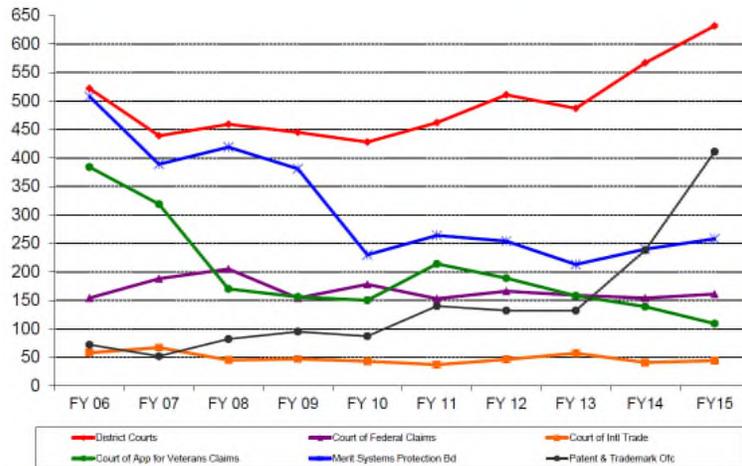
United States Court of Appeals for the Federal Circuit  
Historical Caseload



Source: [http://www.ca9.uscourts.gov/sites/default/files/the-court/statistics/caseload\\_overall\\_1983-2015.pdf](http://www.ca9.uscourts.gov/sites/default/files/the-court/statistics/caseload_overall_1983-2015.pdf)

# Subject Matter of Appeals

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

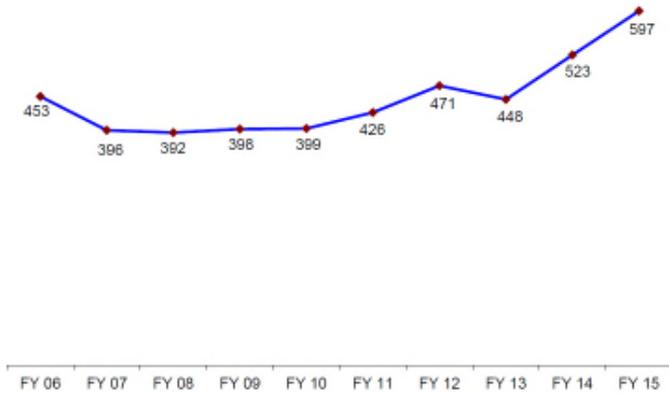


Source: [http://www.ca9.uscourts.gov/sites/default/files/the-court/statistics/appeals\\_filed\\_in\\_major\\_origins\\_10-year\\_06-15.pdf](http://www.ca9.uscourts.gov/sites/default/files/the-court/statistics/appeals_filed_in_major_origins_10-year_06-15.pdf)

# Patent Infringement Appeals

## United States Court of Appeals for the Federal Circuit

Filings of Patent Infringement Appeals from the U.S. District Courts



Note: Includes retrialated, cross- and consolidated appeals.

Source: <http://www.cafc.uscourts.gov/sites/default/files/Caseload%20Patent%20Infringement%20%282006-2015%29.pdf>

# Time to Disposition

## United States Court of Appeals for the Federal Circuit

Median Time to Disposition in Cases Terminated After Hearing or Submission<sup>1</sup>  
Docketing Date<sup>2</sup> to Disposition Date, in Months

	FY.06	FY.07	FY.08	FY.09	FY.10	FY.11	FY.12	FY.13	FY.14	FY.15	Overall Median per Origin
District Court	11.5	11.6	11.0	11.0	11.0	11.2	11.8	11.8	12.0	12.0	11.6
Court of Federal Claims	10.0	10.0	9.2	10.3	10.0	10.6	9.9	10.4	10.0	10.0	10.0
Court of International Trade	11.7	11.9	12.4	11.5	11.0	12.2	12.6	12.4	13.0	12.0	12.1
Court of Appeals Veterans Claims	8.4	8.4	8.0	9.3	9.3	6.0	8.6	11.2	10.0	7.0	8.5
Board of Contract Appeals	11.7	10.4	9.6	11.9	8.8	10.0	11.5	13.3	16.0	10.0	11.0
Department of Veterans Affairs	13.7	11.3	4.8	18.9	n/a	19.4	15.7	n/a	n/a	16.0	12.5
Department of Justice	n/a	n/a	n/a	8.9	8.9	n/a	n/a	9.7	12.0	5.9	8.9
International Trade Commission	15.6	13.6	14.4	14.4	14.8	14.6	16.1	13.7	16.0	13.0	14.5
Merit Systems Protection Board	6.5	6.4	5.8	6.5	6.1	6.1	6.4	7.4	6.0	6.5	6.4
Office of Compliance	14.0	n/a	19.0	n/a	13.0	15.0	n/a	n/a	n/a	n/a	14.5
Patent and Trademark Office	10.0	9.6	8.9	9.3	8.2	11.2	11.7	10.1	10.0	11.0	10.0
<b>Overall Median per Fiscal Year</b>	<b>9.3</b>	<b>9.1</b>	<b>9.0</b>	<b>9.3</b>	<b>9.1</b>	<b>9.7</b>	<b>9.9</b>	<b>10.6</b>	<b>10.5</b>	<b>10.0</b>	

<sup>1</sup> Excludes cross and consolidated appeals, writs, and OPM petitions.

<sup>2</sup> Calculated from Date of Docketing or Date of Reinstatement, whichever is later.

Source:  
<http://www.cafc.uscourts.gov/sites/default/files/Median%20Disposition%20Time%20for%20Cases%20Terminated%20After%20Hearing%20or%20Submission%20%28Detail%20table%20of%20data%202006-2015%29.pdf>

**SECTION 01**

# **EXPANDING APPLICATION OF SECTION 112(F) / ¶6**

***WILLIAMSON V. CITRIX ONLINE, LLC, 792 F.3D 1339 (FED. CIR. 2015) (EN BANC)***

**PRESENTER: JACOB MINNE**

## **Background and Procedural History**

- Williamson's '840 Patent, Claim 8:  
...a distributed learning control module for receiving communications transmitted between the presenter and the audience member computer systems and for relaying the communications to an intended receiving computer system and for coordinating the operation of the streaming data module.
- District court rules that this term must be interpreted as a "means-plus-function" term under 35 U.S.C. 112 ¶ 6 (now 112(f)), and held it invalid for failure to disclose an algorithm.
- The first Federal Circuit panel reversed, based on the "strong presumption" against MPF claiming, absent the word "means." 770 F.3d 1371.
- The Federal Circuit granted an *en banc* hearing.

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## Background on Means-Plus-Function Claiming

- 1946: The Supreme Court eliminates functional claiming at the point of novelty in *Haliburton*, 329 U.S. 1 (1946).
- 1952: Congress passes the Patent Act. Section 112, paragraph 6 reads:  
An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

This was a compromise:

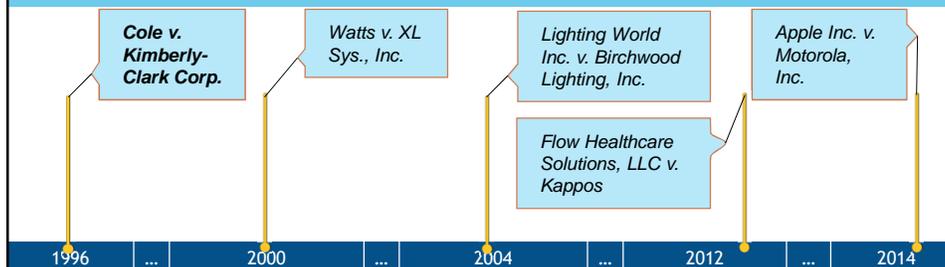
In enacting this provision, Congress struck a balance in allowing patentees to express a claim limitation by reciting a function to be performed rather than by reciting structure for performing that function, while placing specific constraints on how such a limitation is to be construed, namely, by restricting the scope of coverage to only the structure, materials, or acts described in the specification as corresponding to the claimed function and equivalents thereof.

*Williamson (en banc)*, 792 F.3d at 1347.

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## When does 112 6 apply? A History of Presumption Against MPF Claiming



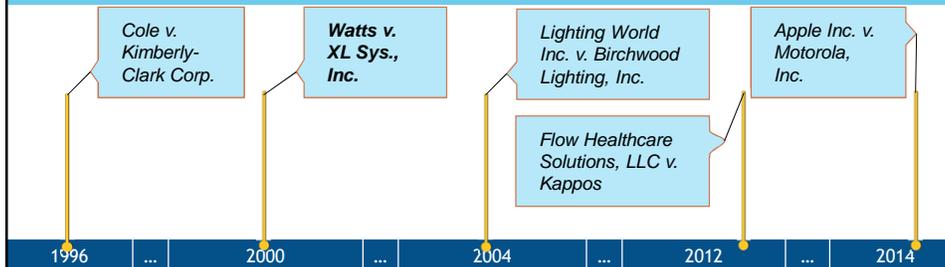
*Cole v. Kimberly–Clark Corp.*, 102 F.3d 524, 531 (Fed.Cir.1996):

Merely because a named element of a patent claim is followed by the word “means,” however, does not automatically make that element a “means-plus-function” element under [35 U.S.C. § 112, ¶ 6](#).... The converse is also true; **merely because an element does not include the word “means” does not automatically prevent that element from being construed as a means-plus-function element.**

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## When does 112 6 apply? A History of Presumption Against MPF Claiming



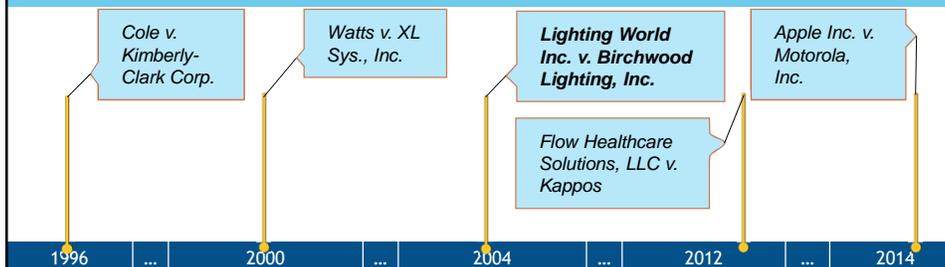
*Watts v. XL Sys., Inc.*, 232 F.3d 877, 880 (Fed.Cir.2000):

when a claim term lacks the word “means,” the **presumption** can be overcome and **§ 112, para. 6 will apply if** the challenger demonstrates that the **claim term fails to “recite ] sufficiently definite structure”** or else recites “function without reciting sufficient structure for performing that function.”

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## When does 112 6 apply? A History of Presumption Against MPF Claiming

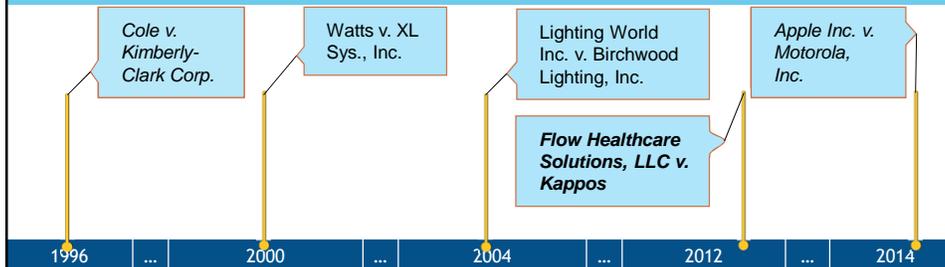


In *Lighting World, Inc. v. Birchwood Lighting, Inc.*, 382 F.3d 1354, 1358 (Fed.Cir.2004), the Federal Circuit for the first time held that “**the presumption flowing from the absence of the term ‘means’ is a strong one that is not readily overcome**”

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## When does 112 6 apply? A History of Presumption Against MPF Claiming

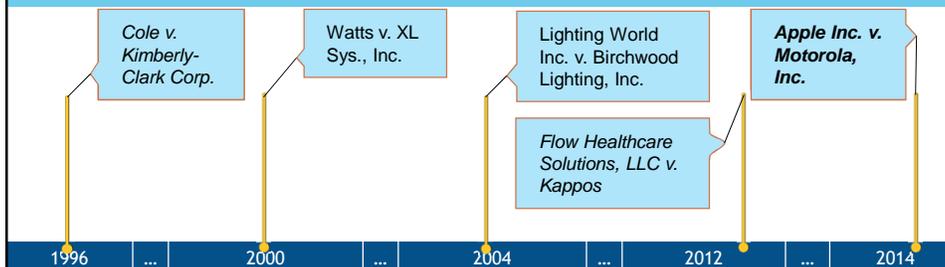


*Flo Healthcare Solutions, LLC v. Kappos*, 697 F.3d 1367, 1374 (Fed.Cir.2012):  
 When the claim drafter has not signaled his intent to invoke 112, ¶ 6 by using the term 'means,' **we are unwilling to apply that provision without a showing that the limitation essentially is devoid of anything that can be construed as structure**

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## When does 112 6 apply? A History of Presumption Against MPF Claiming



In *Apple Inc. v. Motorola, Inc.*, 757 F.3d 1286, 1297 (Fed.Cir.2014), the court reiterated that this was a “strong” presumption, “not readily overcome” and added it has **“seldom’ held that a limitation without recitation of ‘means’ is a means-plus-function limitation”**

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## The "strong" Presumption is Erased

Our consideration of this case has led us to conclude that such a heightened burden is unjustified and that **we should abandon characterizing as "strong" the presumption that a limitation lacking the word "means" is not subject to § 112, para. 6.** That characterization is unwarranted, is uncertain in meaning and application, and has the inappropriate practical effect of placing a thumb on what should otherwise be a balanced analytical scale. It has shifted the balance struck by Congress in passing § 112, para. 6 and has resulted in **a proliferation of functional claiming untethered to § 112, para. 6 and free of the strictures set forth in the statute.**

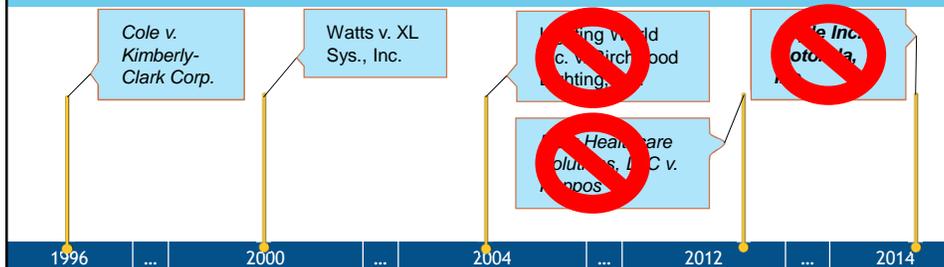
...  
**The standard is whether the words of the claim are understood by persons of ordinary skill in the art to have a sufficiently definite meaning as the name for structure.**

*Williamson (en banc)*, 792 F.3d at 1349.

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## When does 112 6 apply? A History of Presumption Against MPF Claiming



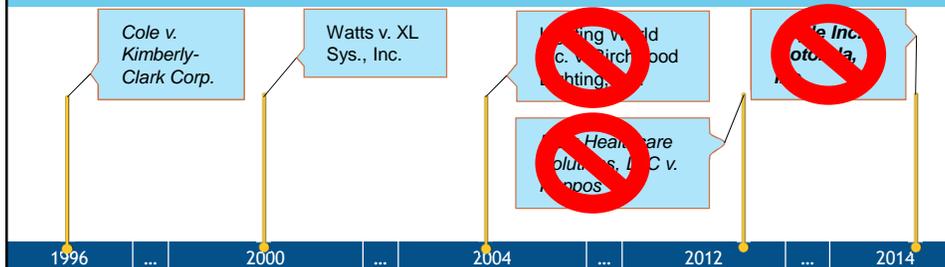
**The standard is whether the words of the claim are understood by persons of ordinary skill in the art to have a sufficiently definite meaning as the name for structure.**

*Williamson (en banc)*, 792 F.3d at 1349.

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## When does 112 6 apply? A History of Presumption Against MPF Claiming



Generic terms such as “**mechanism**,” “**element**,” “**device**,” [“**module**,”] and other nonce words that reflect nothing more than verbal constructs may be used in a claim in a manner that is tantamount to using the word “means” because they “typically do not connote sufficiently definite structure” and therefore may invoke § 112, para. 6.

*Williamson (en banc)*, 792 F.3d at 1350.

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## 112 6 Claims Are Limited in Two Ways

1. The scope of the claims are limited to “corresponding structure, material, or acts described in the specification and equivalents.” For software patents, “a microprocessor programmed to carry out an algorithm is limited by the disclosed algorithm.” *WMS Gaming, Inc. v. Int’l Game Tech.*, 184 F.3d 1339, 1348 (Fed. Cir. 1999).
2. If the patent *doesn’t* disclose an algorithm, then the claim is indefinite. “in the absence of structure disclosed in the specification to perform those functions, the claim limitation would lack specificity, rendering the claim as a whole invalid for indefiniteness under 35 U.S.C. § 112 ¶ 2.” *Aristocrat Techs. V. Int’l Game Tech.*, 521 F.3d 1328, 1331 (Fed. Cir. 2008).

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## District Court Actions

As an initial matter, the claim limitation “**backup/recovery module** creating at least one recovery unit to hold backup data” is in a format consistent with traditional means-plus-function claim limitations.

*Farstone Tech., Inc. v. Apple Inc.*, No. 813CV1537ODWJEMX, 2015 WL 5898273, at \*3 (C.D. Cal. Oct. 8, 2015)

...the claim language “**microphone interpretation mechanism** which, in response to said command and data notification signals, determines when said microphone signal represents command and when it represents data” is drafted in traditional means-plus-function format. It replaces the word “means” with the nonce word “mechanism,” and recites the function that the “microphone interpretation mechanism” is meant to perform.

*Voice Domain Techs., LLC v. Apple Inc.*, No. CV 13-40138-TSH, 2015 WL 4638577, at \*10 (D. Mass. Aug. 4, 2015)

In this case, the Court finds that “**processor**,” albeit a term that might cover a broad class of structures, **designates at least some structure**.

*GoDaddy.com, LLC v. RPost Commc'ns Ltd.*, No. CV-14-00126-PHX-JAT, 2016 WL 212676, at \*55 (D. Ariz. Jan. 19, 2016)

In this case, “**code segment**” has some structural meaning, as supported by the dictionary definition tendered by Plaintiff; **code segment is not a nonce word**.

*Collaborative Agreements, LLC v. Adobe Sys. Inc.*, No. 15-CV-03853-EMC, 2015 WL 7753293, at \*6 (N.D. Cal. Dec. 2, 2015)

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## Takeaways

- **Litigants:**

- *Williamson* places renewed importance on Section 112 6/(f). Where claim construction involves software functions, consider arguing that generic terms like “module,” “software,” “logic” etc. should be construed as a means-plus-function term and limited to disclosed algorithms—or held indefinite.
- Case law is still developing; you can probably find district court decisions going your way. Also, look to Federal Circuit cases discussing sufficient “structure” for an algorithm for additional support.

- **Prosecutors**

- Avoid using “nonce” words, such as “mechanism,” “element,” “device,” and “module” to avoid MPF construction.
- Avoid claim sets that include claims that are nearly identical, except for being written in means-plus-function format.

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## Biography



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Jacob Minne advises clients on patent, trademark, copyright, and trade secret litigation, as well as related antitrust matters. His litigation experience includes cases for clients in a diverse range of technology fields such as semiconductor chip manufacturing methods, medical devices, and mobile software. He has experience in forums including the US District Court for the Central District of California, the US Court of Appeals for the Federal Circuit, and the US International Trade Commission (USITC).

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### SECTION 02

## ***CUOZZO SPEED TECH., LLC V. LEE*** **THE SUPREME COURT'S FIRST IPR DECISION**

**PRESENTER: COREY HOUMAND**



## Questions for Certiorari

1. In IPR proceedings, can the Board construe claims using the ***broadest reasonable interpretation (BRI)*** instead of the ***Phillips district court claim construction standards***?
2. Is the Board's decision to institute an IPR ***judicially unreviewable***, even if the Board exceeds its statutory authority?

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## Question 1: Broadest Reasonable Interpretation?

- In the AIA, Congress did not expressly legislate a standard for construing claims during an IPR.
- Under its rulemaking powers, the PTO adopted the same BRI standard that the Federal Circuit approved for:
  - Prosecution
  - Interferences
  - Reissue
  - Reexamination
  - Former *inter partes* reexamination

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## What are IPR proceedings? *Examinational or a Litigation Surrogate*

### Examinational

Right to Amend (albeit limited)

No standing (any party may file a petition)

If settlement, the PTO may proceed to a final written decision and defend decision on appeal



### Litigation Surrogate

An IPR tests the validity of a patent

Discovery, Expert Reports

Same types of prior art in district court litigation

Challenger bears the burden of proof

Quicker, cheaper substitute for litigation

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## Question 2: Judicially Unreviewable Institution Decisions?

### § 314. Institution of inter partes review

(d) NO APPEAL.—The determination by the Director whether to institute an inter partes review under this section shall be **final and nonappealable**.

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## What Happened in the Underlying IPR?

### Petitioner's Proposed Grounds for Rejection:

#### Independent Claim 10: OBVIOUS in view of:

- Tegethoff & Awada
- Tokunaga & Hamamura

#### Dependent Claim 14: OBVIOUS in view of:

- Aumayer & Evans
- Tegethoff & Awada & Evans

#### Dependent Claim 17: OBVIOUS in view of:

- Aumayer & Evans & Wendt
- Tegethoff & Awada & Evans & Wendt

**Board institutes IPR on all three claims based on only the obviousness combinations for claim 17**

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## Question 2: Judicially Unreviewable Institution Decisions?

- Federal Circuit holds: "**§ 314(d) prohibits review of the decision to institute IPR even after a final decision.**"
- Mandamus may be available to challenge institution in a final written decision "where the PTO has **clearly and indisputably exceeded its authority.**"
  - But Federal Circuit determined that mandamus was not appropriate here.

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## Takeaways

- If reversal on the claim construction standard . . .
  - It likely becomes more difficult for Petitioners to cancel claims in an IPR proceeding.
  - More appellate review of IPR claim constructions and delays in the IPR proceedings.
- If reversal on the judicially unreviewable standard . . .
  - More appellate review of PTAB's institution decisions.

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## Biography



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Corey R. Houmand represents clients in litigation involving patents, trademarks, copyright, trade secrets, and related intellectual property matters such as unfair competition. Corey joined Morgan Lewis after serving as a law clerk for Judge Mary Beck Briscoe of the US Court of Appeals for the Tenth Circuit and Judge Samuel G. Wilson of the US District Court for the Western District of Virginia. In law school, Corey was articles editor for the *Wake Forest Law Review*.

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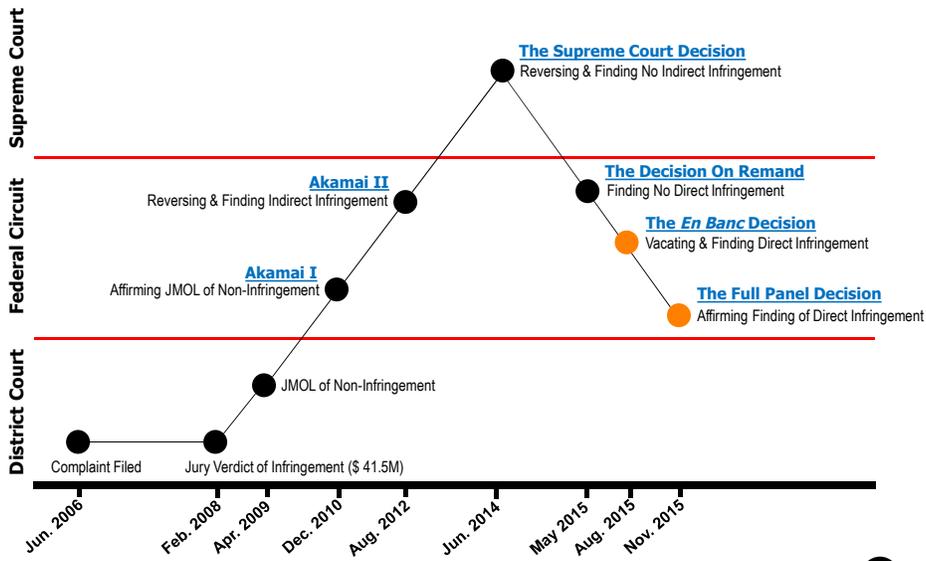
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SECTION 03

# PATENT ELIGIBILITY: *LIMELIGHT NETWORKS V. AKAMAI TECHS.*

PRESENTERS: EHSUN FORGHANY AND JASON GETTLEMAN

## Timeline: *Akamai v. Limelight*



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## What is Divided Infringement?

### System Claims

Multiple actors collectively provide the components that are assembled into a whole claimed system.

### Method Claims

Multiple actors perform the steps of a claimed method, but no one party performs every step.



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## Akamai's Method Claims

Directed to delivering content over the Internet:

### Step 1



*distributing* a set of page objects across a network of servers managed by a domain



### Step 2



*tagging* a page object so that requests for that page resolve to the domain



### Step 3



*resolving* a page request to the domain



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## Divided Infringement: Method Claims

### The Single-Entity Rule:

Direct infringement occurs where all the steps of a claimed method are **performed** by or "**attributable**" to a single entity.

*BMC Res., Inc. v. Paymentech*, 498 F.3d 1373, 1379-81 (Fed. Cir. 2007)

### When Are Steps Performed by Others "Attributed" to an Entity?

1. Where that entity exercises sufficient "**direction or control**" over the entire process for all actors to qualify as a "single entity."
  - a) The entity acted through an **agent**; *or*
  - b) The entity **contracted** with the other actors.
2. Where that entity and all other actors form a "**joint enterprise**."

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## Practical Considerations

### The Problem:

The Single-Entity Rule creates a **loophole** for avoiding liability because under the former "Direction or Control" Test:

INSUFFICIENT	SUFFICIENT
Arms-Length Cooperation	Agency Relationship
Encouragement	Contractual <u>Obligation</u>
Providing (Detailed) Instructions	Joint Enterprise

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## The Fed. Cir. Decision (*en banc* rehearing)

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### ***Akamai Tech., Inc. v. Limelight Networks, Inc.***

797 F.3d 1020 (Fed. Cir. Aug. 13, 2015)

#### **A NEW Form of "Direction or Control"**

##### **Agency Relationship**

Party's agent performs the claimed steps.

##### **Contractual Obligation**

Party contractually obligates another to perform the claimed steps

##### **Conditional Performance**

Party conditions another's performance of the claimed steps and controls the timing/manner of that performance

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## The Fed. Cir. Decision (*en banc* rehearing)

#### **Main Point:**

Customers can only use Limelight's CDN service if they perform the tagging step.

#### **Held:**

"Akamai presented substantial evidence demonstrating that Limelight conditions its customers' use of its content delivery network upon its customers' performance of the tagging steps, and that Limelight establishes the manner and timing of its customers' performance."

797 F.3d at 1024

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## The Fed. Cir. Decision (full panel)



### ***Limelight Networks, Inc., v. Akamai Tech., Inc.***

805 F.3d 1368 (Fed. Cir. Nov. 16, 2015)

#### **Question Presented:**

The panel was tasked with resolving “all residual issues” in the appeal.

#### **Relevant Holding:**

“[W]e reiterate the *en banc* court’s reversal of the district court’s grant of JMOL of non-infringement and remand with instructions to reinstitute the jury’s original verdict and damages award.”

*Id.* at 1371

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## The Supreme Court Order



### ***Limelight Networks, Inc., v. Akamai Tech., Inc.***

Case No. 15-993 (U.S. April 18, 2015)

Denied certiorari in an order released last week.

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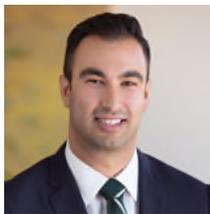
## Takeaways

1. “**Direction or Control**” now includes situations where one party conditions another’s performance of the claimed steps and controls the timing/manner of that performance.
2. Divided infringement standard **unlikely to change** since the Supreme Court denied certiorari.

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Ehsun Forghany represents clients in litigation involving patents, trade secrets, and related intellectual property matters in federal and state courts throughout the United States. He handles all phases of litigation from inception through trial and post-trial appeals. Ehsun also counsels clients on prelitigation patent validity and infringement investigations. His cases have involved a diverse range of technologies including smartphone software, semiconductor chips, medical devices, and biometric systems.

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Jason E. Gettleman brings an electrical and computer engineering background to his services, which focus on patent procurement and patent litigation in the electrical and mechanical arts. Jason spent three years in the Morgan Lewis Tokyo office where he assisted Japanese clients with US intellectual property matters, including patent litigation support. He also counseled US companies on Japan-related IP matters. During his time in Tokyo, Jason frequently lectured Japanese clients on US intellectual property rights.

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### SECTION 04

## ***IN RE TAM*** 808 F.3D 1321 (FED. CIR. 2015) **(THE "SLANTS" CASE)**

**PRESENTER: SCOTT TESTER**

## ***In Re Tam* (the “Slants” case)**

- Can the PTO deny trademark registration based upon its determination that the mark would be “disparaging” to a group of people?



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## ***In Re Tam* Background**

- Simon Tam formed *The Slants* in 2006 to “reclaim” Asian stereotypes.
- Tam applied to register “The Slants” in 2010 and 2011
  - Denied by Examiner (2010 & 2011)
  - Denied by TTAB (2013)
  - Denied by Federal Circuit panel (2015)
- *En banc* rehearing ordered *sua sponte*
  - Issue: “Does the bar on registration of disparaging marks in 15 U.S.C. § 1052(a) violate the First Amendment?”

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## ***In Re Tam*** **First Amendment Issues**

- Laws which burden private speech based on viewpoint expressed are generally subject to strict scrutiny, the highest level of scrutiny.
  - Undisputed that if “strict scrutiny” applies, §2(a) would not be constitutional.
- Viewpoint-neutral?
  - PTO position: It is neutral as it does not bar any particular view, just particular *words*.
  - Court: The disparagement provision *is* viewpoint-discriminatory because the PTO rejects marks it finds “refer to a group in a negative way,” while allowing “positive” marks.
- Burden private speech?
  - PTO’s position: Section 2(a) does not implicate the First Amendment as it does not prevent anyone from expressing themselves using unregistered marks.
  - Court: Because registration may increase the financial benefit of marks, failing to register some marks results in applicants choosing not to express themselves using those marks.

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## ***In Re Tam*** **Exceptions to Strict Scrutiny**

- Exceptions to Strict Scrutiny
  - Government speech?
    - Registration of a trademark does not imply governmental endorsement of the mark.
    - Assigning a registration “®” symbol or publishing the mark in a register is not “government speech.”
  - Government subsidy?
    - Registering a trademark does not implicate government spending.
    - The “benefits” of trademark registration are not “monetary” – the government is not providing funding to trademark applicants.
  - Commercial speech?
    - While a trademark is a commercial identifier, it is an identifier selected by the applicant and is therefore expressive.
    - The PTO’s ban on disparaging marks results from the “expression” in the mark, not from its use in commerce.

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## ***In Re Tam*** **Conclusions**

- Fed Circuit *en banc*: Section 2(a) is subject to strict scrutiny and violates the First Amendment

But... Mr. Tam has still not received his registration.

- PTO suspended all prosecution on marks it considers “disparaging”
- The PTO does not need to resume prosecuting “disparaging” remarks while considering an appeal. (*In re Tam*, 2016-121 Fed. Cir. Mar. 30, 2016)
- PTO petitioned for review by the U.S. Supreme Court (*Lee v. Tam*, U.S., Apr. 20, 2016)

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## **Biography**



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With an educational and professional background in electrical and computer engineering, litigator W. Scott Tester concentrates his practice on patent disputes involving the electrical and mechanical arts, as well as other related Intellectual Property (IP) matters. Prior to attending law school, Scott worked as a senior design engineer with a major telecommunications firm, where he specialized in telecommunications, network management, and security. He holds a BS degree in electrical and computer engineering from North Carolina State University.

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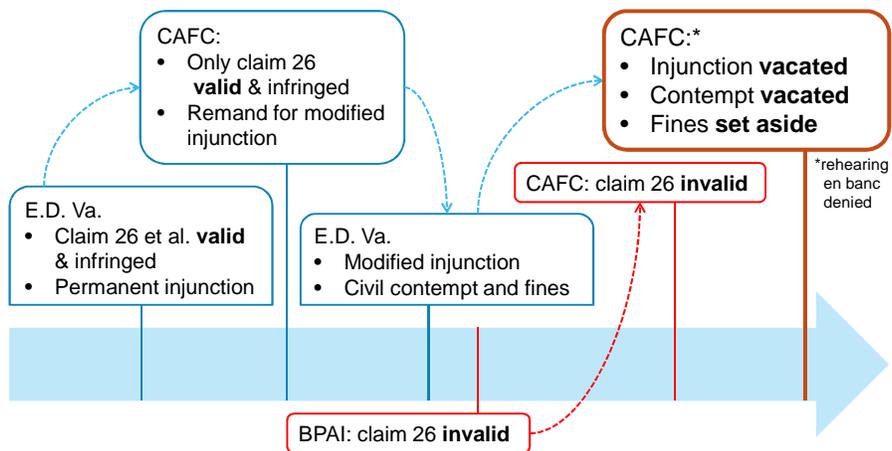
SECTION 05

# ***ePLUS v. LAWSON***

## **CIVIL CONTEMPT CHARGE FOR VIOLATING INJUNCTION VACATED BY SUBSEQUENT INVALIDATION OF A PATENT CLAIM 789 F.3D 1349 (FED. CIR. 2015)**

PRESENTERS: TAE-WOONG KOO AND CATHERINE CHOU

### ***ePlus v. Lawson: Timeline***





## Biography



Catherine S. Chou provides intellectual property prosecution services for clients in a variety of technological fields. She has a background in electrical engineering from the California Institute of Technology, with experience in areas such as digital and analog hardware design, software development, semiconductor materials, machine learning, image processing, and telecommunications.

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## Biography



A regulatory affairs professional and the holder of more than 30 patents, Tae-Woong Koo brings a background in science, technology, and regulatory affairs to his intellectual property practice. He is part of a team that counsels clients on patent, trademark, copyright, and trade secret protection issues. The group also advises companies on IP matters arising from franchising, advertising, the Internet and e-commerce, outsourcing, and managed services. Tae-Woong is fluent in Korean.

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SECTION 06

***CLEARCORRECT V.  
INT'L TRADE COMMISSION***  
**DOES THE ITC'S JURISDICTION EXTEND TO  
TRANSMISSIONS OF DIGITAL DATA?**

PRESENTER: PHILIP HUANG

## Background

- Align Technology (complainant)
  - medical device company, manufacturer of **clear aligner orthodontics**
- Align filed complaint with ITC, alleging that **ClearCorrect** violated Section 337 based on infringement of several Align patents
  - Patents cover methods of forming dental appliances and producing digital data sets

### **ClearCorrect manufacturing process**

1. In **US**, scan physical models of patient's teeth to make digital recreation of initial tooth arrangement
  2. Transmit digital recreation to **Pakistan**
  3. In **Pakistan**, create digital data models of intermediate tooth positions for a set of incremental aligners
  4. Transmit digital data models for incremental aligners to **US**
  5. In **US**, print incremental aligners and administer to patients
- ITC found ClearCorrect **Pakistan** violated Sec. 337 for importation of data models and practicing patented methods

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## On Appeal at Fed. Circuit

- Does the ITC's jurisdiction over "articles" extend to **transmissions of digital data**?  
**19 U.S. Code § 1337(a)(1):**

"Subject to paragraph (2), the following are unlawful...

(A) Unfair methods of competition and unfair acts in the importation of **articles**...

(B) The importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of **articles** that—

(i) infringe a valid and enforceable United States patent...; or

(ii) are made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable United States patent..."

HOLDING: No, ITC does not have jurisdiction over transmissions of digital data – "articles" of Sec. 337 are "**material**" and "**tangible**" things

- *Chevron*, Step 1: Meaning of "articles" in Sec. 337 is unambiguous, therefore no deference given to ITC's interpretation
  - **Plain meaning**: contemporaneous (and modern) sources overwhelmingly support "material" definition
  - **Within context of Sec. 337**: "non-material" definition would be illogical
  - **Within context of Tariff Act**: suggests "material" definition
- *Chevron*, Step 2: unnecessary, but if considered, ITC's definition is **unreasonable**
  - Failure to reconcile numerous definitions suggesting "material" characteristic

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## Takeaways of *ClearCorrect*

- ITC's jurisdiction over "articles" does **not** extend to transmissions of digital data
  - Consider the **form** of patented products (or products of patented methods) being imported
    - Majority's opinion points out that the digital data was transferred **electronically**, not on a physical medium (e.g., thumb drive, CD, etc.)

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## Biography



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Philip Y. Huang counsels clients on strategic intellectual property issues, focusing on patent prosecution in computer software, video processing, social networking systems, network security, computer system architecture, biomedical devices, computer hardware, electronic devices, and design patents. Prior to joining Morgan Lewis, Philip—who has a B.S. and M.S. in electrical engineering—worked for some of the biggest names in the tech world, including Facebook, Apple, Qualcomm, and Yahoo.

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**SECTION 07**

***THE MEDICINES COMPANY V.  
HOSPIRA, INC.***

**THE ON-SALE BAR APPLIES TO MANUFACTURER SERVICES**

**PRESENTER: ATHENA JOHNS**

## A supplier-to-patentee transaction

Ben Venue



The Medicines Company



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## The Medicines Company v. Hospira

- The Medicines Company sued Hospira, alleging that two of Hospira's ANDA filings infringe the claims of two patents owned by the Medicines Company
- The District of Delaware found the claims not invalid and not infringed.
- Medicines appealed on claim construction and non-infringement findings
- Hospira appealed the court's holdings on obviousness, indefiniteness, and the on-sale bar

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## Federal Circuit Invalidity Analysis

- Was there a commercial offer for sale under Pfaff?
- Does the experimental exception apply?

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## Pfaff Analysis

- *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 67–68 (1998):  
The on-sale bar under 35 U.S.C. § 102(b) applies when, before the critical date, the claimed invention
  - (1) was the **subject of a commercial offer for sale**; and
  - (2) was **ready for patenting**.

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## The Commercial Offer Prong of Pfaff is satisfied:

- The Medicines Company paid Ben Venue for performing **services that resulted in the patented product-by-process**, and thus a 'sale' of services occurred.
- The sale of the manufacturing services here **provided a commercial benefit to the inventor** more than one year before a patent application was filed.
  - \$375,000 paid to Ben Venue for three batches totaling more than 60,000 vials
  - Each batch had a commercial value of over \$10 million
  - Batches manufactured to prove to the FDA that impurity levels met FDA requirements
- **To find otherwise** would allow The Medicines Company to circumvent the on-sale bar simply because its contracts happened to only cover the processes that produced the patented product-by-process . . . **inconsistent with our principle that "no 'supplier' exception exists for the on-sale bar."**

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## The Ready for Patenting Prong of Pfaff is satisfied:

- The invention was ready for patenting because the **Ben Venue batches reduced the invention to practice**

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## The experimental use exception does not apply because:

- Experimental use **cannot occur after a reduction to practice**
- “[I]t is irrelevant whether The Medicines Company knew whether the process limitations of the asserted claims reliably and consistently produced levels of Asp<sup>9</sup>-bivalirudin well below the claimed levels” because **sale of the invention obviates any need for inquiry into conception**
- This is not a situation in which the inventor was unaware that the invention had been reduced to practice
  - “the inventor was well aware that the batches had [impurity] levels . . . below the claimed levels”

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## En Banc Consideration

Issues to be briefed for rehearing en banc:

(a) Do the circumstances presented here constitute a commercial sale under the on-sale bar of 35 U.S.C. § 102(b)?

(i) Was there a sale for the purposes of § 102(b) **despite the absence of a transfer of title?**

(ii) Was the sale commercial in nature for the purposes of § 102(b) or an **experimental use?**

(b) Should this court **overrule or revise the principle in *Special Devices, Inc. v. OEA, Inc.*, 270 F.3d 1353 (Fed. Cir. 2001)**, that there is **no “supplier exception” to the on-sale bar** of 35 U.S.C. § 102(b)?

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## Takeaways

- When establishing a bar date for filing an application, consider going beyond the question, “will the invention be disclosed outside of the company?”
  - Ask about fabrication, production, consulting, etc. that may be performed by a third party
  - What is the scale of the work to be performed by the third party?
  - Confidentiality (e.g., an NDA) may be insufficient
- **File first (at least a provisional application), test later**

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## Biography



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Athena C. Johns provides patent prosecution services to clients, drawing on her experience in a wide range of technology areas including mobile device communications and software, medical imaging, and computer graphics. Prior to joining Morgan Lewis, Athena worked at another international law firm where she provided strategic advice to clients, handled many patent applications from disclosure through issuance, and contributed to successful re-examination and inter partes review efforts.

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SECTION 08

## ***COMMIL V. CISCO***

### **DOES A GOOD-FAITH BELIEF IN INVALIDITY NEGATE INTENT FOR INDUCING INFRINGEMENT UNDER § 271(B)?**

PRESENTER: ALEX STEIN

### ***Commil v. Cisco***

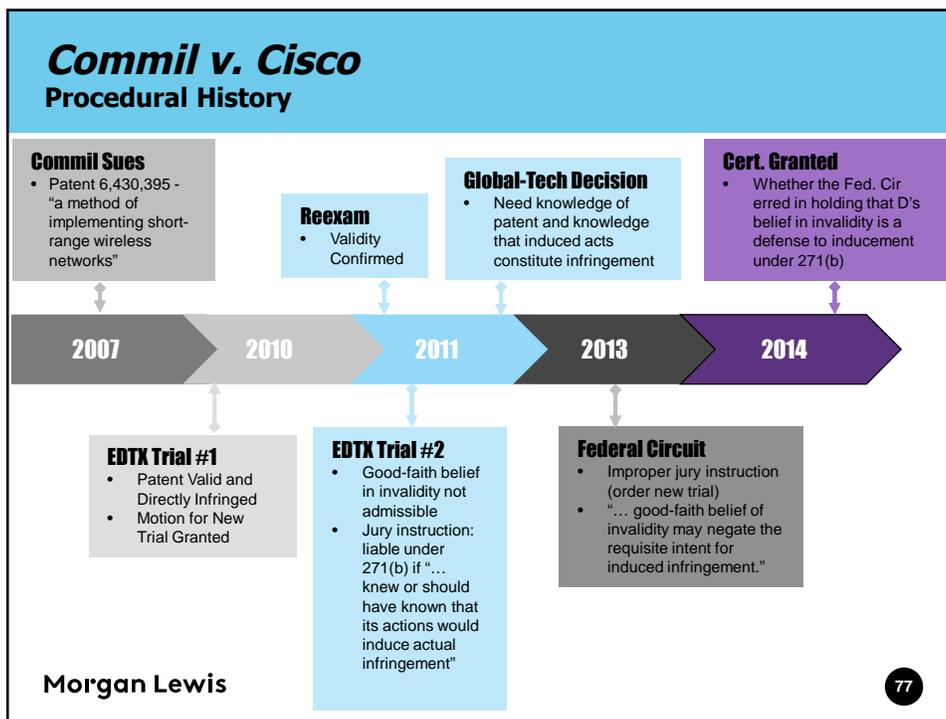
#### **Section 271(b) and Mental State for Active Inducement**

- “Whoever **actively induces infringement** of a patent shall be liable as an infringer.”

35 U.S.C. § 271(b) (emphasis added)

- Liability for inducing infringement attaches only if the defendant:
  - (1) knew of the patent; and
  - (2) knew that “the induced acts constitute patent infringement.”

*Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S.Ct. 2060, 2068 (2011).



## Commil v. Cisco Holding, Supporting Reasoning, and Remand

- Question Presented:** whether a defendant's belief regarding patent validity is a defense to an induced infringement claim
- Holding:** A defendant's belief regarding patent validity is not a defense to an induced infringement claim.
- Reasoning**
  - Infringement and validity are treated separately in the Patent Act (Part III v. Part II, also separate defenses under §§ 282(b)(1), (2))
  - Don't Undermine Presumption of Validity (§ 282(a)) – a good-faith belief in invalidity defense "circumvent[s] the high bar Congress is presumed to have chosen: the clear and convincing standard."
  - Practical Reasons
    - Other avenues to pursue instead if have a strong belief in invalidity – IPR, DJ, prove at trial
    - Patent trolls – district courts have tools already (Rule 11 sanctions and awarding fees)
- Federal Circuit on remand** – decided to consider Cisco's non-infringement arguments and agreed that there was no patent infringement (direct or induced), as Cisco's devices don't perform all steps of the claims.

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## ***Commil v. Cisco***

### **Takeaways**

- Eliminated a Defense to Inducement, but also Confirmed *Global-Tech*
  - Must prove intent to induce, not just knowledge of asserted patent(s)
- A reasonable belief in non-infringement is a valid defense, as negates knowledge that induced acts constitute patent infringement. See *DSU Medical v. JMS Co.*, 471 F.3d 1293, 1306 (Fed. Cir. 2006) (*en banc*).
  - Opinions of counsel, prepared in good faith and with all facts, should cover all forms of infringement - direct and indirect (contributory and inducement)
  - Good-faith belief in invalidity is probably still a defense to willful infringement. See *Stryker Corp. v. Zimmer, Inc.*, 782 F.3d 369, 662 (Fed. Cir. 2015).
- Consider offensive use of strong invalidity defenses early on
  - Inter Partes Review, Post Grant Review, CBM, Ex Parte Reexam

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## **Biography**



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Alexander B. Stein draws on his engineering background to serve intellectual property (IP) clients, predominantly in patent prosecution and strategy across a range of technologies. Alex works with global tech companies to prosecute patents and protect technological innovations relating to computer software and hardware, memory devices, consumer electronics, and mobile platforms. Having worked as an engineer for medical device and technology corporations, Alex understands the complexities and challenges of technology design and implementation.

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## ***SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317 (2015)**

- J. Hamilton construed the term “**category description**” as:
  - “information that includes a **name** that is descriptive of something about a stored file.”

We claim:

I. A method for accessing files in a data storage system of a computer system having means for reading and writing data from the data storage system, displaying information, and accepting user input, the method comprising the steps of:

(a) initially creating in the computer system a **category description table** containing a plurality of **category descriptions**, each **category description** comprising a **descriptive name**, the category descriptions having no predefined hierarchical relationship with such list or each other;

- **July 2011**: Motion for summary judgment of non-infringement:
  - Walmart website and software did not include a **name**
  - Uses a **number**

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## ***SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317 (2015)**

- **December 2011**, SpeedTrack motion to amend infringement contentions
  - Add allegation that Walmart and Endeca infringed the “category description” limitation under the **doctrine of equivalents**.
  - District court denied the motion
  - SpeedTrack was not diligent (non-infringement argument known since **June 2011**).
- **February 2012**: Summary judgment of non-infringement
  - IAP software uses **numerical identifiers** instead of descriptive words.
  - Thus, IAP did not use “**category descriptions**” as required by the ‘360 Patent.
- **2013**: *Walmart* noninfringement decision affirmed.
  - *SpeedTrack, Inc. v. Endeca Techs., Inc.*, 524 Fed. Appx. 651 (Fed. Cir. 2013)

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## ***SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317 (2015)**

- **2007:** SpeedTrack asserted '360 patent against Office Depot and others.
  - Stayed pending *Walmart* litigation.
- **2013 stay lifted:** SpeedTrack limits infringement claims to doctrine of equivalents.
  - If literal infringement claims were barred by claim preclusion, it could still assert claims under DOE because DOE not asserted in *Walmart*.
- **2014:** J. Hamilton granted summary judgment of non-infringement.
  - **Res judicata partial bar:** “bars both claims that were brought as well as those that could have been brought.”
  - **Kessler doctrine** precluded “the entirety of SpeedTrack’s suit.”
    - **Kessler v. Eldred**, 206 U.S. 285 (1907)
      - Kessler’s electric cigar lighters found to not infringe.
      - Eldred filed suit against Kessler’s customers.
      - Eldred wrongfully interfered with Kessler’s business.
      - “No one wishes to buy anything if with it he must buy a law suit.”
    - **SJ Order:** SpeedTrack lost the right to assert any claims of the '360 patent against any customers of Endeca who use the accused software in **essentially the same manner** as Walmart.

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## ***SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317 (2015)**

- **2011:** Oracle acquired Endeca.
  - *Kessler* grants **Oracle** right to order prohibiting SpeedTrack from asserting that Oracle’s customers infringe the '360 Patent by their use of the same software litigated in the *Walmart* case.
  - Oracle not a party.
- Can **Oracle’s customer’s** assert this right?
  - Fourth Circuit said **yes**. *Gen. Chem. Co. v. Standard Wholesale Phosphate & Acid Works, Inc.*, 101 F.2d 178, 179–80 (4th Cir. 1939).
  - Sixth Circuit said **no**. *Wenborne–Karpen Dryer Co. v. Dort Motor Car Co.*, 14 F.2d 378, 379 (6th Cir. 1926).
- **Fed. Cir. said yes:** “[T]he rationale underlying the *Kessler* doctrine **supports permitting customers** to assert it as a **defense** to infringement claims.”
  - “[I]t is a right that attaches to the **noninfringing product**, and it is a right designed to protect the **unencumbered sale of that product...**”

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## ***SpeedTrack, Inc. v. Office Depot, Inc.*, 791 F.3d 1317 (2015)**

- **Kessler doctrine unnecessary?**
  - Claim preclusion (*res judicata*) bars claims brought and those that could have been brought.
  - Issue preclusion (*collateral estoppel*) bars subsequent litigation on an issue of law that was actually litigated.
- **The Kessler doctrine:** necessary supplement
  - Patent owner could sue a manufacturer for **literal infringement** and, if unsuccessful, file suit against the manufacturer's customers under the **doctrine of equivalents**.
  - Or, a patent owner could file suit against the **manufacturer's customers** under any claim or theory **not actually litigated** against the manufacturer as long as it challenged only those acts of infringement that **post-dated the judgment** in the first action.
  - That result would authorize the type of **harassment** the Supreme Court sought to prevent in *Kessler* when it recognized that **follow-on suits against customers** could **destroy the manufacturer's judgment right**.
  - "The *Kessler* Doctrine **fills the gap** between these preclusion doctrines..." *Brain Life, LLC v. Elekta, Inc.*, 746 F.3d 1045, 1055 (Fed. Cir 2014).
- Judgment in the *Walmart* case "settled **finally** and **everywhere**" that the IAP software does not infringe the '360 Patent.

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## ***SpeedTrack Takeaways***

- **Manufacturer:** consider filing declaratory judgment suit to protect customers.
  - Judgment of non-infringement attaches to products and applies downstream.
- **Customer:** has accused product been accused of infringing patent in prior litigation?
  - Judgment of non-infringement may serve as grounds for dismissal or early summary judgment.
- **Patent Holder:** carefully consider where in stream of commerce patents are asserted.
  - Suit against manufacturer may bar claims of same patent against downstream customers.
  - *Kessler* doctrine does not apply to new, previously unaccused products.

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### SECTION 10

## ***TEVA PHARMCEUTICALS USA V. SANDOZ, 135 S. CT. 831 (2015)*** **FACTUAL ISSUES IN CLAIM CONSTRUCTION**

**PRESENTER: DAVID V. SANKER, PH.D.**

## Two Questions about Factual Issues

- Does Claim Construction have any “Factual Issues,” or is Claim Construction purely a matter of law?
- If there are factual issues that are determined by a district court, what is the proper standard of review?

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## *Teva Pharmaceutical USA v. Sandoz*

1. A method of manufacturing copolymer-1, comprising reacting protected copolymer-1 with hydrobromic acid to form trifluoroacetyl copolymer-1, treating said trifluoroacetyl copolymer-1 with aqueous piperidine solution to form copolymer-1, and purifying said copolymer-1, to result in copolymer-1 having a **molecular weight** of about 5 to 9 kilodaltons.

There are three ways that molecular weight could be computed, so Sandoz argued that the claim is indefinite.

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## ***Teva v. Sandoz* – District Court**

- Teva's expert argued that based on the figures in the patent application, the molecular weight was computed using the "most prevalent" molecules.
- The District Court credited the testimony of Teva's expert.
- Based on this "fact finding," the District Court determined that the claim term was clear (rejecting the indefiniteness argument).

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## ***Teva v. Sandoz* – Federal Circuit**

- The Federal Circuit reviewed the claim construction, including the "factual issues" *de novo*, and determined that the claim was indefinite.

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## ***Teva v. Sandoz* – Supreme Court**

- (6) *Setting Aside the Findings*. Findings of fact, whether based on oral or other evidence, must not be set aside unless clearly erroneous, and the reviewing court must give due regard to the trial court's opportunity to judge the witnesses' credibility. Fed. Rule Civ. Proc. 52(a)(6)
- "We hold that the appellate court must apply a "clear error," not a *de novo* standard of review.

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## ***Teva v. Sandoz* – Supreme Court dissent**

- ... the question here is whether claim construction involves findings of fact. Because it does not, Rule 52(a)(6) does not apply, and the Court of Appeals properly applied a *de novo* standard of review.

Justices Thomas and Alito

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## And the Federal Circuit on remand...

The district court fact findings regarding how one of skill in the art would understand the way in which a curve created with chromatogram data reflects molecular weights was **not clearly erroneous**. Its fact findings about the additional calculations that would be required to determine  $M_w$  or  $M_n$  are **not clearly erroneous**. Its fact findings about how a skilled artisan would accept a curve "shift" when converting chromatogram data to a curve such as that illustrated in Figure 1 are **not clearly erroneous**. A skilled artisan, knowing a shift might occur, would still not be reasonably certain in light of the entire record as to which type of average was intended. During prose-

invention. On this record, there is not reasonable certainty that molecular weight should be measured using  $M_p$ . This is the legal question—and on this question—we reverse the district court.

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## Takeaways

- Claim Construction is a legal issue that is reviewed *de novo* by the Federal Circuit.
- If there are factual issues decided by the district court, they are reviewed for clear error.
- The Federal Circuit judges are unlikely to be persuaded by any alleged factual issues decided by a district court.
- Do not expect any changes in the claim construction process based on Teva.

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## Biography



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Drawing on 12 years of experience in software development, David V. Sanker, Ph.D. prosecutes patents and represents clients in patent litigation. He has helped clients obtain patents for data visualization software, large-scale database software, and database analytic software, as well as for many other technological innovations. David also handles reexaminations before the US Patent and Trademark Office (USPTO), and defends clients from infringement claims before the US International Trade Commission (USITC), the US Federal Circuit, and in federal district courts.

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Europe  
Latin America  
Middle East  
North America

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