

Federal Circuit Patent Updates - April 2014

APRIL 29, 2014

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***Octane Fitness, LLC v. Icon Health & Fitness, Inc.* (No. 12-1184, 4/29/14)**

April 29, 2014 5:50 PM

Whether a case is “exceptional” thereby permitting an award of attorney’s under 35 U.S.C. § 285 should be determined by district courts “in the case-by-case exercise of their discretion, considering the totality of the circumstances.” The Federal Circuit’s standard requiring litigation-related misconduct or litigation “brought in subjective bad faith” and “objectively baseless” is insufficiently flexible.

A full version of the text is [available in PDF form](#).

***Highmark Inc. v. Allcare Health Management Systems, Inc.* (No. 12-1163, 4/29/14)**

April 29, 2014 9:14 AM

The determination under 35 U.S.C. § 285 to award attorney’s fees in “exceptional cases” is to be reviewed for abuse of discretion.

A full version of the text is [available in PDF form](#).

***Apple Inc. v. Motorola, Inc.* (No. 2012-1548, 4/25/14) (Rader, Prost, Reyna)**

April 25, 2014 6:10 PM

Reyna, J. Affirming in part and reversing in part summary judgment that neither side was entitled to damages or an injunction, despite assumed infringement of certain patents.

Re: claim construction:

- Reversing claim construction that a claim limitation that did not contain the word “means” was drafted in means-plus-function format. “The strong presumption [“when a claim limitation lacks the term “means,” it creates a rebuttable presumption that Section 112, ¶6

does not apply”] created by not including means in a claim limitation provides clarity and predictability for the public and the patentee alike.” “Even if a patentee elects to use a “generic” claim term, such as “a nonce word or a verbal construct,” properly construing that term (in view of the specification, prosecution history, etc.) may still provide sufficient structure such that the presumption against means-plus-function claiming remains intact.”

- Ruling that statements made in later prosecution of a related foreign patent were relevant to claim construction. “[S]tatements made in related, later-prosecuted U.S. patents may inform the meaning of earlier issued claims. ...Of course, statements made in unrelated applications are not relevant to claim construction. ...This court has also considered statements made before a foreign patent office when construing claims if they are relevant and not related to unique aspects of foreign patent law.”

Re: damages:

- “This court has ... recognized that estimating a “reasonable royalty” is not an exact science. As such, the record may support a range of “reasonable” royalties, rather than a single value. Likewise, there may be more than one reliable method for estimating a reasonable royalty.”
- “As noted, there are multiple reasonable methods for calculating a royalty, and directly estimating the value a consumer places on the infringing feature is not a requirement of admissibility.”
- Exclusion of report of a damages expert because it relied upon the opinion of another expert was erroneous. “The district court’s decision states a rule that neither exists nor is correct. Experts routinely rely upon other experts hired by the party they represent for expertise outside of their field.”
- “Nor is there a requirement that a patentee value every potential non-infringing alternative in order for its damages testimony to be admissible.”
- “[A] finding that a royalty estimate may suffer from factual flaws does not, by itself, support the legal conclusion that zero is a reasonable royalty.” “If a patentee’s evidence fails to support its specific royalty estimate, the fact finder is still required to determine what royalty is supported by the record.” “Even if Apple had not submitted expert evidence, this alone would not support a finding that zero is a reasonable royalty.” “We note that we know of no case where we found that the record supported an infringement award of a zero royalty.” But “in a case completely lacking any evidence on which to base a damages award, the record may well support a zero royalty award. Also, a record could demonstrate that, at the time of infringement, the defendant considered the patent valueless and the patentee would have accepted no payment for the defendant’s infringement.”

Re: injunctions:

- “We have reversed the court’s claim construction decision, thus altering the potential scope of infringement underlying Apple’s injunction request. The scope of infringement permeates an injunction analysis. ...For example, when considering whether to enjoin a

product, it is proper for the court to consider the aggregate harm caused by all of the infringing features, rather than requiring a patentee to address each patent or claim individually....Infringement of multiple patents by a single device may strengthen a patentee's argument for an injunction."

- "To the extent that the district court applied a per se rule that injunctions are unavailable for SEPs [standard essential patents], it erred. While Motorola's FRAND [agreement to license on fair, reasonable and nondiscriminatory terms] commitments are certainly criteria relevant to its entitlement to an injunction, we see no reason to create, as some amici urge, a separate rule or analytical framework for addressing injunctions for FRAND-committed patents. The framework laid out by the Supreme Court in eBay, as interpreted by subsequent decisions of this court, provides ample strength and flexibility for addressing the unique aspects of FRAND committed patents and industry standards in general. ... A patentee subject to FRAND commitments may have difficulty establishing irreparable harm. On the other hand, an injunction may be justified where an infringer unilaterally refuses a FRAND royalty or unreasonably delays negotiations to the same effect." Nonetheless, affirming denial of such an injunction in this case.

Rader, C. J., dissented in part. Prost, J., concurred in part and dissented in part.

A full version of the text is [available in PDF form](#).

Vaillancourt v. Becton Dickinson & Company (No. 2013-1408, 4/24/14) (Rader, Linn, Taranto)

April 24, 2014 10:22 AM

Rader, C. J. Dismissing appeal from rejection of claims in inter partes reexamination. While the appeal was pending, the appellant assigned all rights in the patent to a corporation of which he was the sole owner. Therefore, "[a]s Vaillancourt is not the owner of the '221 patent, he cannot bring this appeal before the court, for lack of a cause of action. Accordingly, this court dismisses the appeal."

WilmerHale represented the appellee.

A full version of the text is [available in PDF form](#).

In re: Procter & Gamble Company (Misc. No. 121, 4/24/14) (Lourie, Prost, Taranto)

April 24, 2014 3:30 PM

Taranto, J. Denying petition for mandamus to direct the PTO to withdraw orders instituting inter partes reviews of patents. "We conclude that immediate review of such a decision is not available in this court." "It is a separate question whether section 314(d) means that the decision to institute the review is unchallengeable later—if the Board reaches a decision under section 318(a) and an appeal is taken under section 319. ... We need not decide that question, which can be addressed in a section 319 appeal."

A full version of the text is [available in PDF form](#).

***In re: Dominion Dealer Solutions, LLC* (Misc. No. 109, 4/24/14) (Prost, O'Malley, Taranto)**

April 24, 2014 2:08 PM

Taranto, J. Denying petition for mandamus to order the PTO to institute *inter partes* review (IPR) of patents (after the PTO had denied petitions for IPR). “[T]he relevant statutory provisions make clear that we may not hear an appeal from the Director’s decision not to institute an *inter partes* review.”

A full version of the text is [available in PDF form](#).

***St. Jude Medical v. Volcano Corporation* (No. 2014-1183, 4/24/14) (Prost, O'Malley, Taranto)**

April 24, 2014 4:50 PM

Taranto, J. Dismissing appeal of PTO denial of petition to institute inter partes review of patent. “We hold that we may not hear St. Jude’s appeal from the Director’s denial of the petition for inter partes review. We base that conclusion on the structure of the inter partes review provisions, on the language of section 314(d) within that structure, and on our jurisdictional statute read in light of those provisions.”

A full version of the text is [available in PDF form](#).

***Gilead Sciences, Inc. v. Natco Pharma Limited* (No. 2013-1418, 4/22/14) (Rader, Prost, Chen)**

April 22, 2014 7:28 PM

Chen, J. Vacating judgment because of error in obviousness-type double patenting analysis. “[T]he obviousness-type double patenting doctrine prohibits an inventor from extending his right to exclude through claims in a later-expiring patent that are not patentably distinct from the claims of the inventor’s earlier-expiring patent”, even in this case where the earlier-expiring patent issued later. “[A] patent that issues after but expires before another patent [can] qualify as a double patenting reference for that other patent.” “[F]or double patenting inquiries, looking to patent issue dates had previously served as a reliable stand-in for the date that really mattered—patent expiration. But as this case illustrates, that tool does not necessarily work properly for patents to which the URAA applies, because there are now instances, like here, in which a patent that issues first does not expire first.” Rader, C. J., dissented.

A full version of the text is [available in PDF form](#).

***Braintree Laboratories, Inc. v. Novel Laboratories, Inc.* (No. 2013-1438, 4/22/14) (Dyk, Prost, Moore)**

April 22, 2014 9:45 AM

Prost, J. vacating summary judgment of infringement in light of erroneous claim construction but affirming judgment of validity. “Under our precedent, the patentee’s lexicography must govern the claim construction analysis. . . . Therefore, we disagree with the district court’s modification of the clear language found in the specification.” Construing claim term “a patient” to mean “the general

class of persons to whom the patented compositions are directed, i.e., a patient population” and not “one or more patients.” Dyk, J., concurred in part and in the result and dissented in part. Moore, J., dissented.

WilmerHale represented the plaintiff-appellee.

A full version of the text is [available in PDF form](#).

***Sanofi-Aventis Deutschland v. Glenmark Pharmaceuticals* (No. 2012-1489, 4/21/14) (Newman, Linn, Wallach)**

April 21, 2014 4:15 PM

Newman, J. Affirming judgment of validity and damages. “Glenmark ... argues that later-discovered benefits cannot be considered in an obviousness analysis That is incorrect; patentability may consider all of the characteristics possessed by the claimed invention, whenever those characteristics become manifest.” Also upholding a jury instruction permitting a negative inference from document spoliation by the defendant, where the defendant withheld documents from discovery as “work product” (in anticipation of litigation) that were generated during the same period as the defendant destroyed email.

A full version of the text is [available in PDF form](#).

***DSM Desotech Inc. v. 3D Systems Corporation* (No. 2013-1208, 4/18/14) (Moore, Schall, Reyna)**

April 18, 2014 11:20 AM

Schall, J. Affirming judgment in an antitrust case that originally had a patent infringement claim. “Although the patent claim no longer remains, because the district court dismissed it with prejudice, we have jurisdiction over the remaining claims pursuant to 28 U.S.C. § 1295(a)(1).”

A full version of the text is [available in PDF form](#).

***Hoffmann-La Roche Inc. v. Apotex, Inc.* (No. 2013-1128, -1161, -1162, -1163, -1164, 4/11/14) (Newman, Lourie, Bryson)**

April 11, 2014 8:08 AM

Bryson, J. Affirming summary judgment of invalidity of patents related to treatment of osteoporosis. Newman, J. dissented.

A full version of the text is [available in PDF form](#).

***Trebro Manufacturing, Inc. v. Firefly Equipment, LLC* (No. 2013-1437, 4/9/14) (Rader, Lourie, Prost)**

April 9, 2014 12:47 PM

Rader, J. Vacating denial of preliminary injunction for a patent related to a sod harvester and

remanding. “Even though [patent owner] may be able to estimate the price of sod harvesters, how much profit it makes per sod harvester, and how many sod harvester sales it makes (and thus may lose) per year, that does not automatically mean money damages are adequate... This record evidence further supports the conclusion that money damages are likely inadequate in this market. Finally, on this record, the fact that [patent owner] does not presently practice the patent does not detract from its likely irreparable harm. To the contrary, [patent owner] and [defendant] are direct competitors selling competing products in this market. Thus, the record strongly shows a probability for irreparable harm.”

A full version of the text is [available in PDF form](#).

***Chicago Board of Options Exchange v. International Securities* (No. 2013-1326, 4/7/14) (Rader, Reyna, Wallach)**

April 7, 2014 5:12 PM

Reyna, J. Affirming judgment of non-infringement of patent related to trading financial instruments. Also reversing finding of indefiniteness.

A full version of the text is [available in PDF form](#).

***Microsoft Corporation v. DataTern, Inc.* (No. 2013-1184, 4/4/14) (Rader, Prost, Moore)**

April 4, 2014 3:55 PM

Moore, J. Affirming in part and reversing in part declaratory judgment jurisdictional decision. Plaintiff sued customers of Microsoft and SAP alleging infringement of two software patents. Microsoft and SAP each filed declaratory judgment actions. The Court found declaratory judgment jurisdiction existed where plaintiff’s infringement positions implicated Microsoft or SAP alone, but found jurisdiction lacking for patent in which plaintiff’s infringement positions relied upon a combination of software from Microsoft and a third party. “To the extent that Appellees argue that they have a right to bring the declaratory judgment action solely because their customers have been sued for direct infringement, they are incorrect... Instead, Appellees seek to broaden our precedent quite substantially by arguing that a customer request to indemnify ought to give rise to standing, without regard, it appears, to the merit of the customer request. This cannot be.” Also affirming in part and reversing in part summary judgment of non-infringement. The Court affirmed summary judgment of non-infringement for SAP for some products but reversed for other products that had not been accused. “Declaratory judgment jurisdiction must be determined on a product-by-product basis. [citation omitted] The claim charts from the customer suits impliedly asserted indirect infringement based on the use of BusinessObjects, not any other SAP product. While SAP’s complaint and DataTern’s counterclaims invoked SAP products generally, broad pleadings alone do not define the scope of judgment when only a subset of those issues were litigated. [citation omitted] Here, only BusinessObjects was fairly at issue, and the district court’s judgment could not have extended beyond BusinessObjects.” Rader, J. dissented-in-part.

A full version of the text is [available in PDF form](#).

In re: TELES AG Information (No. 2012-1297, 4/4/14) (Dyk, Moore, Wallach)

April 4, 2014 5:39 PM

Dyk, J. Affirming Board's rejection of telecommunications claims as obvious in ex parte reexamination. "We therefore hold that the 1999 amendments eliminated the right of patent owners to secure review under § 145, and affirm that the district court lacked jurisdiction over the § 145 action." Finding that the district court should have transferred the case rather than dismissing it, the Court proceeded to review the merits of the Board's decision and affirmed."

A full version of the text is [available in PDF form](#).

In re: Toyota Motor Corporation (No. 2014-113, 4/3/14) (Prost, O'Malley, Taranto)

April 3, 2014 9:44 AM

Taranto, J. Granting petition for writ of mandamus, vacating order, and remanding. The district court denied a motion to sever and transfer. "The analysis may not show that the transferee forum is far more convenient. But that is not what is required. With nothing on the transferor-forum side of the ledger, the analysis shows that the transferee forum is 'clearly more convenient.'" Finding that transfer for would be appropriate for some defendants if the claims were severed, the Court remanded for further consideration of severance and stay.

A full version of the text is [available in PDF form](#).

MRC Innovations, Inc. v. Hunter MFG., LLP (No. 2013-1433, 4/2/14) (Rader, Prost, Chen)

April 2, 2014 2:10 PM

Prost, J. Affirming summary judgment of invalidity of design patents related to football and baseball jerseys for dogs.

A full version of the text is [available in PDF form](#).