
Federal Circuit Patent Updates - January 2011

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Tokai V. Easton Enterprises (2010 1057, 1116) (Newman, Lourie, Bryson)

January 31, 2011 9:04 AM

(Lourie) Affirming summary judgment of invalidity of patents related to utility lighters for, e.g., lighting a barbeque grill. Defendant did not have an enhanced burden for overcoming the statutory presumption of validity when it relied on a combination of prior art, some of which had been considered by the PTO and some of which had not. The "district court did not abuse its discretion by excluding the [expert] declarations." It "is undisputed that cigarette lighters and utility lighters are analogous arts and that a need for enhanced safety devices had been met in the field of cigarette lighters, as demonstrated by [prior art]. It would have been obvious to one of ordinary skill and creativity to adapt the safety mechanisms of the prior art cigarette lighters...to fit a utility lighter as disclosed by [prior art], even if it required some variation in the selection or arrangement of particular components." Newman dissented.

A full version of the text is available [here](#).

Centillion Data Systems V. Qwest Communications International (2010 1110, 1131) (Lourie, Linn, Moore)

January 20, 2011 8:28 AM

(Moore) Vacating summary judgment of noninfringement based on alleged lack of "use" or "making" of "system" claims. "We have never directly addressed the issue of infringement for "use" of a system claim that includes elements in the possession of more than one actor. ... We hold that 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. ... We hold that the on-demand operation is a "use" of the system as a matter of law. The customer puts the system as a whole into service, i.e., controls the system and obtains benefit from it. The customer controls the system by creating a query and transmitting it to Qwest's back-end."

However, the software provider was not itself a "user" or "maker" of the system: "We agree with Qwest that, as a matter of law, it does not "use" the patented invention under the appropriate test from NTP. To "use" the system, Qwest must put the claimed invention into service, i.e., control the system and obtain benefit from it. NTP, 418 F.3d at 1317. While Qwest may make the back-end processing elements, it never "uses" the entire claimed system because it never puts into service the personal computer data processing means. Supplying the software for the customer to use is not the same as using the system." Nor did the software provider "make" the system: "Qwest does not "make" the patented invention under § 271(a) as a matter of law. Qwest manufactures only part of the claimed system. In order to "make" the system under § 271(a), Qwest would need to combine all of the claim elements—this it does not do. The customer, not Qwest, completes the system by providing the "personal computer data processing means" and installing the client software."

Nor was the software provider vicariously liable for the alleged "use" or "making" of the system by its customers: "Following our vicarious liability precedents, we conclude, as a matter of law, that Qwest is not vicariously liable for the actions of its customers. Qwest in no way directs its customers to perform nor do its customers act as its agents. While Qwest provides software and technical assistance, it is entirely the decision of the customer whether to install and operate this software on its personal computer data processing means."

Also reversing summary judgment of no anticipation because of genuine issues of material fact.

A full version of the text is available [here](#).

Arlington Industries V. Bridgeport Fittings (2010 1025) (Rader, Lourie, Moore)

January 20, 2011 8:25 AM

(Rader) Reversing summary judgment of noninfringement because of erroneously narrow claim construction that imported a limitation from the specification into the claims. Lourie concurred in part and dissented in part.

A full version of the text is available [here](#).

Warrior Sports, Inc. V. Dickinson Wright, P.L.L.C. (2010 1091) (Newman, Bryson, Prost)

January 11, 2011 2:23 PM

(Bryson) Vacating dismissal of legal malpractice action against patent and litigation counsel for lack of federal jurisdiction because at least one of the malpractice claims requires the court to resolve a substantive issue of patent law (whether the plaintiff would have prevailed on its infringement claim in the underlying litigation).

A full version of the text is available [here](#).

iLor, LLC V. Google, Inc. (2010 1117, 1172) (Rader, Linn, Dyk)

January 11, 2011 8:17 AM

(Dyk) Reversing finding of exceptional case and award of attorney fees against the plaintiff patentee, because the plaintiff's proposed claim construction in asserting infringement was not objectively baseless. "The objective baselessness standard for enhanced damages and attorneys' fees against a non-prevailing plaintiff ... is identical to the objective recklessness standard for enhanced damages and attorneys' fees against an accused infringer for § 284 willful infringement actions under *In re Seagate Technology, LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (en banc)."

Also reversing award of expert fees, travel, and other expenses as "costs."

A full version of the text is available [here](#).

***St. Clair Intellectual Property Consultants, Inc. V. Canon Inc.* (2009 1052, 2010 1137, 1140) (Dyk, Mayer, Moore)**

January 10, 2011 8:39 AM

(Dyk) Reversing jury verdict and judgment of infringement because of erroneously broad claim construction. " Because an examiner in reexamination can be considered one of ordinary skill in the art, his construction of the asserted claims carries significant weight."

A full version of the text is available [here](#).

***In Re Glatt Air Techniques, Inc.* (2010 1141) (Newman, Prost, Moore)**

January 5, 2011 12:51 PM

(Prost) Reversing Board's decision of obviousness of patent directed to coating pharmaceutical products. Evidence of commercial success did not require proof that all embodiments within the scope of a claim were successful.

A full version of the text is available [here](#).

***In Re Microsoft Corp.* [ORDER] (Miscellaneous Docket No. 944) (Newman, Friedman, Lourie)**

January 5, 2011 12:10 PM

Per Curiam. Granting petition for mandamus from order denying transfer from the Eastern District of Texas.

A full version of the text is available [here](#).

***Uniloc USA, Inc. V. Microsoft Corp.* (2010 1035, 1055) (Rader, Linn, Moore)**

January 4, 2011 10:15 AM

(Rader) Reversing district court's grant of JMOL of non-infringement and alternative grant of a new trial on infringement, affirming JMOL that jury's verdict of willfulness was not supported by substantial evidence, affirming the district court's grant of JMOL of no willfulness, affirming the

grant of a new trial on damages, affirming denial of JMOL of invalidity. With respect to damages, “This court now holds as a matter of Federal Circuit law that the 25 percent rule of thumb is a fundamentally flawed tool for determining a baseline royalty rate in a hypothetical negotiation. Evidence relying on the 25 percent rule of thumb is thus inadmissible under Daubert and the Federal Rules of Evidence, because it fails to tie a reasonable royalty base to the facts of the case at issue.” The Court also rejected the plaintiff’s damages theory under the entire market value rule where total revenues of the accused product were offered as a “check” on the expert’s opinion.

A full version of the text is available [here](#).

The Ohio Willow Wood Co. V. Thermo-Ply, Inc. [ORDER] (2010 1119, 1269) (Rader, Newman, Moore)

January 4, 2011 10:03 AM

Remanding case for district court to consider vacatur of judgment based on settlement. Moore and Newman wrote separately to express their views on how the district court should view the remand.

A full version of the text is available [here](#).