

Latest Intellectual Property News



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Welcome to The Latest Intellectual Property News, a newsletter for updating you with recent information about Intellectual Property.

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CONTENTS

Pre-AIA: commercial exploitation before critical date ruins a patent.....	
TTAB's analysis on determining likelihood of confusion struck down.....	
Limitations on obtaining attorneys' fees	
More discussions regarding patent-eligible subject matter after <i>Alice</i>	
Whether to institute a post-grant review of a business method patent shall be final and non-appealable.....	
Broadest interpretation standard in Inter Partes Review.....	
Intel factors applied in protective order modification.....	
Additional information.....	

PRE-AIA: COMMERCIAL EXPLOITATION BEFORE CRITICAL DATE RUINS A PATENT

By Victoria Wang, Intern (info@ipfirm.com)

The Federal Circuit reversed a district court's validity determination and held the asserted claims invalid under the on-sale bar in *The Medicines Company (TMC) v. Hospira, Inc.*, Slip op. 14-1469 (Fed. Cir. Jul. 25, 2015). The on-sale bar 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. *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 67–68 (1998). In the Federal Circuit's view, each condition was fulfilled in the instant case and no experimental use defense was available.

A patent owned by TMC includes product-by-process claims, indicating a pH- adjusting solution during the compounding process to minimize the Asp- bivalirudin impurity to less than 0.6%. Over one year before filing a U.S. patent application, TMC hired Ben Venue (BV) to prepare three batches of bivalirudin using an embodiment of the method described in the claims. The district court found the invention was ready for patenting but not commercially offered, because Ben Venue only sold manufacturing services rather than pharmaceutical batches, and the batches fell under the experimental use exception.

However, the Federal Circuit found the commercial sale existed for several reasons. First, the on-sale bar will apply where the evidence clearly demonstrated that the inventor commercially exploited the invention before the critical date. The sale of the manufacturing services here provided a commercial benefit to the inventor, and evidence, such as invoices and marks on the lot, also indicated the upcoming commercial sale. Second, the Federal Circuit reasoned that holding no commercial sale existed would go against legal precedence, which indicated that no “supplier” exception existed for the on-sale bar. *Special Devices*, 270 F.3d at 1357. Third, the invention is on sale when a product offered for sale inherently possesses each of the limitations of the claim. *Abbott Labs. v. Geneva Pharm.*, 182 F.3d 1315, 1319 (Fed. Cir. 1999). The batches created by BV had the levels of Asp- bivalirudin required by the claims. The Federal Circuit stated that TMC’s recognition of the levels is irrelevant.

The Federal Circuit also found the experimental use defense unavailable. The opinion stated that experimental use cannot occur after a reduction to practice unless the inventor was unaware that the product could work for its intended purpose. Nevertheless, “reduction to practice” was confirmed by both the district court and the Federal Circuit, and the inventor was well aware that the batches created by BV had levels of Asp-bivalirudin well below the claimed levels of 0.6%. Therefore, TMC was deemed to be aware of the characteristics of the material provided by BV.

TTAB’S ANALYSIS ON DETERMINING LIKELIHOOD OF CONFUSION STRUCK DOWN

By Kwang Y. Chae, Esq. (kchae@ipfirm.com)

The Federal Circuit vacated the TTAB’s decision that Juice Generation, Inc.’s “PEACE LOVE AND JUICE & Design” mark for juice bar services was confusingly similar to GS Enterprises LLC’s registered marks for restaurant services [*Juice Generation, Inc. v. GS Enterprises LLC*, Appeal No. 2014-1853 (Fed. Cir. Jul. 20, 2015)].

Juice Generation, Inc. (hereafter, “JG”) applied the mark “PEACE LOVE AND JUICE & Design”, which was published, but GS Enterprises LLC (hereafter, “GS”) opposed the application on the ground that JG’s mark was likely to cause confusion with its own registered marks.

The TTAB sustained the opposition and refused to register JG’s mark. JG appealed to the Federal Circuit. The Federal Circuit vacated the TTAB’s decision in favor of JG.

In the Federal Circuit’s decision, the Court criticized the TTAB’s analysis of the commercial impression of the JG’s mark by noting that the TTAB did not elaborate on its consideration of the three-word combination “PEACE LOVE & JUICE” as a whole including in combination with the disclaimed term, in comparing it to the two-word combination in GS’s marks.

Secondly, the Court found that the Board inadequately assessed and weighed the strength or weakness of GS’s marks discounting GS’s submission of the 3rd party uses of similar marks using “PEACE and LOVE”, citing that “the weaker an opposer’s mark, the closer an applicant’s mark can come without causing a likelihood of confusion...” and “3rd party registrations are relevant to prove that some segment of the composite marks which both contesting parties use has a normally understood and well-recognized descriptive or suggestive meaning, leading to the conclusion that that segment is relatively weak.”

Finally, the Court pointed out GS's comment supported JG's argument that "PEACE & LOVE" was suggestive or descriptive. "Although estoppel based on prosecution of an application has played a more limited role for trademarks than for patents ... such comments have significance as "facts illuminative of shade and tone in the total picture confronting the decision maker."

The TTAB will likely have a tendency to give more weight to the evidence of the 3rd party uses for determining the weakness of the mark in order to decide the likelihood of confusion between the presented marks after this Federal Circuit decision. The Federal Circuit's analysis contesting the weakness of the cited registration may be useful when preparing a response to a rejection on Section 2(d) refusal.

LIMITATIONS ON OBTAINING ATTORNEYS' FEES

By Aman Talwar, Esq. (atalwar@ipfirm.com)

SFA Systems, Inc. ("SFA") had initiated a patent infringement action against multiple accused infringers, including Newegg, Inc. ("Newegg"). SFA later voluntarily dismissed the suit, and covenanted not to sue Newegg for infringement of the patents at issue. Newegg then attempted to obtain judgment for attorneys' fees under 35 USC 285, asserting that SFA's infringement suit was frivolous and abusive.

The Federal Circuit affirmed the lower court's denial of fees under 35 USC 285. Specifically, the Federal Circuit indicated that Newegg had not established the necessary threshold to meet the standard of "exceptional case" as interpreted by the Supreme Court in the Octane Fitness decision. Specifically, an "exceptional" case is one that stands out from others with respect to the substantive strength of a party's litigation position or the unreasonable manner in which the case was litigated.

With respect to the first issue, the Federal Circuit reasoned that the substantive strength of the party's litigating position isn't premised upon the correctness or eventual success of such position. Based on this, the Federal Circuit ruled that the litigation between SFA and Newegg was a genuine matter of dispute and SFA's litigation position did not rise to the level of being frivolous.

Next, the Federal Circuit tackled the issue with respect to the manner in which SFA litigated the case against Newegg. Although SFA dismissed their suit against Newegg after the court had ruled in favor of SFA on claim construction and only six months before trial, the Federal Circuit noted that Newegg presented no evidence that the dismissal was because SFA knew that Newegg was not going to settle. Accordingly, the court reasoned that SFA had not acted in subjective bad faith by exploiting the high cost to defend complex litigation to extract a nuisance value settlement. Therefore, the Federal Circuit did not find SFA's initial case against Newegg to be abusive. Considering the totality of circumstances, the Federal Circuit affirmed the lower court's decision in that SFA's claim was not an "exceptional" case in that such claim was not abusive or frivolous.

MORE DISCUSSIONS REGARDING PATENT-ELIGIBLE SUBJECT MATTER AFTER ALICE

By Chang H. Yang, Patent Agent (chyang@ipfirm.com)

On July 6, 2015, in Intellectual Ventures I LLC v. Capital One Financial, the U.S. Court of Appeals for the Federal Circuit affirmed that two patents owned by Intellectual Ventures I LLC and Intellectual Ventures II LLC ("Intellectual Ventures") were invalid as

claiming patent-ineligible subject matter, and that claim construction of a third patent owned by Intellectual Ventures resulted in a non-infringement against Capital One Bank (USA), NA, Capital One Financial Corporation, and Capital One, NA (“Capital One”).

Intellectual Ventures held two patents, U.S. Patent Nos. 8,083,137 (the ‘137 patent) and 7,603,382 (the ‘382 patent). The Federal Circuit applied the two-step framework in *Alice Corp. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) and held that the asserted claims in the ‘137 patent and the ‘382 patent consist of an abstract idea without an inventive concept.

Regarding the ‘137 patent, the Court found that the patent claims are directed to an abstract idea: tracking financial transactions to determine whether they exceed a pre-set spending limit, and that they merely recite generic computer elements, e.g., a database, a user profile, and a communication medium, which do not constitute an inventive concept. Turning to the ‘382 patent, the Federal Circuit found that tailoring web pages based on (1) navigation data (e.g., a location of the user) and (2) user’s personal characteristics (e.g., information known about the user’s location) is an abstract idea. The Federal Circuit further held that requiring the use of a “software” “brain” “tasked with tailoring information and providing it to the user” provides no additional limitation beyond applying an abstract idea, restricted to the Internet, on a generic computer.

The claim construction of the claims in the third patent (U.S. Patent No. 7,260,587, (the ‘587 patent)) owned by Intellectual Ventures was addressed by the Federal Circuit. The Federal Circuit agreed with the district court’s construction that the machine readable instructions had to be in hard-copy after a review of the claim language, specification, and prosecution history supported construction of claim language.

In conclusion, the Federal Circuit affirmed the judgment of invalidity with respect to the asserted claims of the ‘137 and ‘382 patents and the judgment of non-infringement of the ‘587 patent based on the district court’s claim construction.

WHETHER TO INSTITUTE A POST-GRANT REVIEW OF A BUSINESS METHOD PATENT SHALL BE FINAL AND NON-APPEALABLE

By Ronald H. Pawlikowski, Esq. (rpawlikowski@ipfirm.com)

Versata Development Group, Inc. (“Versata”) sued SAP America, Inc., SAP AG (“SAP”) alleging infringement of U.S. Patent No. 6,553,350 (‘350 patent) in 2007. The ‘350 patent is a business method patent.

The result of the trial was a judgment in favor of Versata. SAP appealed to the Federal Circuit, the Federal Circuit affirmed the damages award, but vacated the injunction as overbroad, and remanded for further proceedings. In 2012, SAP also petitioned the U.S. Patent and Trademark Office (“USPTO”) to institute a covered business method (“CBM”) review of the ‘350 patent. SAP challenged the patent’s validity under 35 U.S.C. §§ 101, 102, and 112. The Patent and Trial Appeal Board (“PTAB”) granted SAP’s petition and instituted a covered business method review of the ‘350 patent.

During the PTAB CBM review, Versata sued the USPTO in the U.S. District Court for the Eastern District of Virginia (“E.D. Va.”), seeking to set aside the PTAB’s decision to institute the CBM review. SAP filed a motion to intervene, which the district court granted. On August 7, 2013, the district court granted the USPTO’s motions to dismiss for lack of subject matter jurisdiction and failure to state a claim, and SAP’s motion to

dismiss for lack of subject matter jurisdiction.

Versata appealed the district court's ruling. In *Versata Development Group v. Lee*, slip op. 2014-1145 (Fed. Cir. July 13, 2015), the Federal Circuit affirmed the district court's decision.

The Federal Circuit relied upon 35 U.S.C. §324(e) in stating: “[t]he determination [by the PTAB] whether to institute a post-grant review under this section shall be final and nonappealable.” Slip Op. at 5. The Federal Circuit reasoned that Versata attempted to obtain judicial review of the PTAB's decision to institute a CBM review since Versata's suit of the USPTO in the E.D. Va. was filed during the PTAB CBM review. The Federal Circuit affirmed the district court's decision.

BROADEST INTERPRETATION STANDARD IN INTER PARTES REVIEW

By Tony Hom (thom@ipfirm.com)

Cuozzo Speed Technologies, LLC owns U.S. Patent No. 6,778,074 regarding a combined display of the speed of a car and the local speed limit where the car is traveling. Garmin petitioned the USPTO for Inter Partes Review (IPR) of the '074 patent. The Patent Trial and Appeal Board (PTAB) granted the Petition, and instituted an IPR of the '074 patent. The PTAB found several claims to be obvious, and denied Cuozzo's motion to amend the patent. Cuozzo appealed to the Court of Appeals for the Federal Circuit. *In re: Cuozzo Speed Technologies, LLC*, slip op. 2014-1301 (Fed. Cir. Jul. 8, 2015).

The Federal Circuit held that it lacked jurisdiction to review the USPTO's decision to institute an IPR. The Federal Circuit also affirmed the PTAB's final determination, finding no error in the PTAB's claim construction under the broadest reasonable interpretation standard, obviousness determination, and denial of Cuozzo's motion to amend.

The Federal Circuit's holding noted that the determination by the USPTO as to whether to institute the IPR, under 35 U.S.C. §314(d), shall be final and non-appealable. Although the AIA is silent as to whether the broadest reasonable interpretation standard is appropriate in IPRs, the Federal Circuit further noted that the USPTO has promulgated 37 C.F.R. §42.100(b) which provides that “[a] claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification...” The court also noted that even if the AIA does not approve of the broadest reasonable interpretation standard, 35 U.S.C. §316 provides authority to the USPTO to adopt it in a regulation.

The dissenting opinion raised the point that PTAB adjudication of patent validity should be comparable to that of the district courts, where validity is determined on the legally correct claim construction, not an artificial temporary “broadest” construction.

INTEL FACTORS APPLIED IN PROTECTIVE ORDER MODIFICATION

By Michael P. McComas, Esq. (mmccomas@ipfirm.com)

A Federal Circuit panel granted a petition by POSCO and its U.S. subsidiary POSCO America Corporation (“POSCO”) for a writ of mandamus from a district court's modification of its earlier protective order. The modification would have allowed foreign courts access to POSCO's proprietary information that had been provided as part of a domestic action brought by Nippon Steel & Sumitomo Metal Corporation (“Nippon

Steel”), alleging patent infringement and unfair competition. *In Re: Posco*, slip op. 2015-112 (Fed. Cir. Jul. 22, 2015).

In granting the petition, the panel directed the district court to include consideration of the *Intel* factors in its assessment of Nippon Steel’s request for modification. The district court had originally relied solely on the balancing framework from the Third Circuit’s decision in *Pansy v. Borough of Stroudsburg*, 23 F. 3d 772 (3d Cir. 1994), which involved a protective order modification but not foreign court access.

The *Intel* factors derive from the Supreme Court’s decision in *Intel Corp. v. Advanced Micro Devices, Inc.*, 542 U.S. 241 (2004) and require consideration of questions specific to foreign proceedings. In that case, the Court addressed application of 28 U.S.C. §1782, which is directed to authorizing discovery for use in such foreign proceedings. The Federal Circuit panel indicated that, while the statute may not directly govern protective order modification requests, the considerations under the *Intel* factors are relevant such that the district court must include them in its assessment.

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**2318 Mill Road, Suite 1400
Alexandria, VA 22314 USA**

**201, No. 47, Yuancyu 2nd Rd.
IP Innovation Center
Hsinchu Science Park 300
Hsinchu City, Taiwan, R.O.C.**

Tel: +1 (703) 684-1111
Fax: +1 (703) 518-5499

Tel: +886-3-5775912
Fax: +866-3-5779280

Chiyoda Kaikan Bldg. 6F
1-6-17 Kudan Minami, Chiyoda-Ku,
Tokyo 102-0074 Japan

642-6 Sungji 3 cha Bldg. 20th floor
Yeoksam-dong, Kangnam-gu
Seoul Korea

Tel: +81 3 6717-2841
Fax: +81 3 6717-2845

Tel: +82 (0)2 568-5300
Fax : +82 (0)2 866-3711

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