

Latest Intellectual Property News



From Lowe Hauptman & Ham, LLP

VOL. 6, NO. 2

MARCH 2015

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

CONTENTS

IPR's institution not strictly limited to asserted grounds.....	
Issue preclusion applies to claims invalidated <i>sua sponte</i>	
“Preamble,” please handle with care	
Filing IDS after replying to restriction requirement is delay	
Patent exhaustion not extended beyond licensees	
Claim must be given their “plain meaning”	
Collateral estoppel regards precise question being revisited.....	
Setting the limits on claim differentiation	
Additional information.....	

IPR'S INSTITUTION NOT STRICTLY LIMITED TO ASSERTED GROUNDS

By Sean A. Passino, Ph.D., Esq./Partner (spassino@ipfirm.com)

In an IPR, 35 U.S.C. §314(a) provides that the Director of the United States Patent and Trademark Office (“PTO”) may not institute an *inter partes* review, unless the Director determines that the information presented *in the petition* filed under 35 U.S.C. §311 and any response filed under 35 U.S.C. §313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least one of the claims challenged in the petition. In an earlier, unrelated IPR-decision, *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375–76 (Fed. Cir. 2014), the United States Court of Appeals for the Federal Circuit held that 35 U.S.C. §314(d) “certainly bars” interlocutory review of the PTO’s denial of a petition for IPR. But does §314(d) bar review of the PTO’s decision to institute an IPR after a final decision? Is there anything that a patentee can do to challenge the Director’s institution of an IPR?

After a final decision, patentee in *In Re Cuozzo Speed Technologies, LLC*, slip op. 14-1301 (Fed. Cir. Feb. 4, 2015) challenged the institution as not strictly limited to information in the petition. The Federal Circuit held that §314(d) bars review of the PTO’s decision to institute an IPR after a final decision. The Federal Circuit also noted that even if it were to have treated the case as if it were a mandamus petition, it still would have denied that petition, because there is no clear right that an IPR be strictly limited to the grounds

asserted in the petition.

Cuozzo owns U.S. Patent No. 6,778,074 (the “’074 patent”) directed to speed limit indicators. Garmin petitioned the PTO for *inter partes* review of claims 10, 14, and 17 of the ’074 patent. Claim 17 depends from claim 14, which depends from claim 10. In its petition, Garmin contended that claim 10 was anticipated under 35 U.S.C. §102(e) or obvious under 35 U.S.C. § 103(a) and that claims 14 and 17 were obvious under § 103(a).

The PTO instituted an IPR, determining that there was a reasonable likelihood that claims 10, 14, and 17 were obvious under § 103 over a set of references including, among others, Evans and Wendt. Although Garmin’s petition with respect to claim 17 included the grounds on which the PTO instituted review, *the petition did not list Evans or Wendt for claim 10 or Wendt for claim 14.*

The Patent Trial and Appeal Board (the “Board”) issued a final decision finding claims 10, 14, and 17 obvious. The Board additionally denied Cuozzo’s motion to amend the ’074 patent by substituting new claims 21, 22, and 23 for claims 10, 14, and 17. Cuozzo appealed the decision to institute, the holding of obviousness, and the refusal to allow Cuozzo to amend.

§314(d) states that the decision is both “nonappealable” and “final,” i.e., not subject to further review. 35 U.S.C. §314(d). According to the panel, a declaration that the decision to institute is “final” cannot reasonably be interpreted as postponing review until after issuance of a final decision on patentability. Moreover, given that §319 and §141(c) already limit appeals to appeals from final decisions, §314(d) would have been unnecessary to preclude non-final review of institution decisions.

The panel cited *In re Hiniker Co.*, 150 F.3d 1362, 1367 (Fed. Cir. 1998), which held that a flawed decision to institute an *ex parte* reexamination under §303 was not a basis for setting aside a final decision. *Hiniker’s* decision to institute reexamination was based on a previously considered reference rather than “a substantial new question of patentability” (SNQP), i.e., (at this time) new prior art not considered by the examiner. 35 U.S.C. §303(a) (1994). But the PTO’s final decision relied on another prior art reference, East, which had not been before the examiner in the initial examination, to find the claims invalid. *Id.* at 1366. The jurisdiction of the Federal Circuit is over the final East-decision, which was properly based on the SNQP concerning East. The initial PTO error in institution was washed clean by the subsequent application of SNQP. According to the panel, “The fact that the petition was defective is irrelevant because a proper petition could have been drafted.”

According to the panel, the same is even clearer here, because §314(d) explicitly provides that there is no appeal available of a decision to institute. In other words, there was no bar here to finding claims 10 and 14 unpatentable based on the Evans and/or Wendt references. The failure to cite those references in the petition provides no ground for setting aside the final decision

The panel further noted that mandamus may be available to challenge the PTO’s decision to grant a petition to institute IPR after the Board’s final decision in situations where the PTO has “clearly and indisputably” exceeded its authority. Although the Federal Circuit held that mandamus relief is not available to challenge the denial of a petition for IPR, *In re Dominion Dealer Solutions, LLC*, 749 F.3d 1379, 1381 (Fed. Cir. 2014), and that mandamus is not available to provide immediate review of a decision to institute IPR, *In*

re Procter & Gamble Co., 749 F.3d 1376, 1378–79 (Fed. Cir. 2014), the Federal Circuit reserved the issue of whether the decision to institute review is reviewable by mandamus after the Board issues a final decision.

Treating the present case as a petition for mandamus, the panel noted that it is beyond dispute that no clear and indisputable right precludes institution of the IPR proceeding, because “[i]t is not clear that IPR is strictly limited to the grounds asserted in the petition.” The panel reserved the issue of whether mandamus to review institution of IPR after a final decision is available in other circumstances.

ISSUE PRECLUSION APPLIES TO CLAIMS INVALIDATED *SUA SPONTE*

By Simon Booth, Esq. (sbooth@ipfirm.com)

In *Soverain Software v. Victoria’s Secret*, slip op. 12-1649 (Fed. Cir. Feb. 12, 2015), Soverain Software attempted to continue litigating claims that were invalidated in a different lawsuit. Specifically, in *Victoria’s Secret*, the district court found infringement of claims 34 and 51 of U.S. Patent No. 5,715,314 and claims 15, 17, and 39 of U.S. Patent No. 5,909,492. After *Victoria’s Secret* appealed to the Federal Circuit, in *Soverain Software v. Newegg*, the Federal Circuit *sua sponte* invalidated all but one dependent claim at issue in *Victoria’s Secret*.

With four of five claims invalidated, Soverain attempted to continue litigation in *Victoria’s Secret* by arguing that there was not a full and fair opportunity to litigate the issue of obviousness of the asserted claims in *Newegg*. The Federal Circuit, however, identified arguments in *Victoria’s Secret* that were previously raised in *Newegg*, identified new arguments in *Victoria’s Secret* that could have been raised in *Newegg*, and noted there was a panel rehearing in *Newegg* at which Soverain could have raised any new issues. As such, the court held that Soverain had had a fair opportunity to litigate the issue of obviousness and was barred from asserting the invalidated claims in *Victoria’s Secret*.

The last remaining claim in *Victoria’s Secret* was a dependent claim that depended from an invalidated independent claim in *Newegg*. The Federal Circuit noted that, because the claim only further defined “the network” of the independent claim to be “the Internet” and that Internet-based technology is routinely incorporated into other networks, the dependent claim did not materially alter the invalidity analysis. Accordingly, the Federal Circuit invalidated the last remaining claim in *Victoria’s Secret*.

PREAMBLE; HANDLE WITH CARE

By Tony Chang, Esq. (tchang@ipfirm.com)

Pacing Technologies, LLC (Pacing) sued Garmin USA, Inc. (Garmin) for infringing U.S. Patent U.S. Patent No. 8,101,843 (the ‘843 patent). The district court granted summary judgment for Garmin. Pacing appealed and disputed the district court’s claim construction that the preamble to an asserted claim is limiting. The Federal Circuit affirmed. *Pacing Technologies, LLC v. Garmin USA, Inc.*, slip op. 14-1396 (Fed. Cir. Feb. 18, 2015).

“Preamble language that merely states the purpose or intended use of an invention is generally not treated as limiting the scope of the claim.” *Bicon, Inc. v. Straumann Co.*, 441 F.3d 945, 952 (Fed. Cir. 2006). However, “[w]hen limitations in the body of the claim rely upon and derive antecedent basis from the preamble, then the preamble may act as a

necessary component of the claimed invention.” *Eaton Corp. v. Rockwell Int’l Corp.*, 323 F.3d 1332, 1339 (Fed. Cir. 2003). Here, the Federal Circuit found that the preamble to claim 25 is limiting, because “the term ‘user’ in the preamble of claim 25 provides antecedent basis for the term ‘user’ in the body of that claim,” and “[t]he term ‘repetitive motion pacing system’ in the preamble of claim 25 similarly provides antecedent basis for the term ‘repetitive motion pacing system’ recited as a positive limitation in the body of claim 28, which depends from claim 25.”

The Federal Circuit further stated, citing *AGA Med. Corp.*, that “[w]hen a patentee ‘describes the features of the ‘present invention’ as a whole,” he alerts the reader that “this description limits the scope of the invention.” *Regents of Univ. of Minn. v. AGA Med. Corp.*, 717 F.3d 929, 936 (Fed. Cir. 2013). The Federal Circuit construed the phrase “repetitive motion pacing system for pacing a user” to require a system that plays back the pace information to the user, because all “object of the present inventor” as stated in the specification of the ‘843 patent are accomplished by “a repetitive motion pacing system that includes . . . a data storage and playback device adapted to producing the sensible tempo.”

FILING IDS AFTER REPLYING TO RESTRICTION REQUIREMENT IS DELAY

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

The Federal Circuit recently affirmed the district court decision that the PTO properly calculated the Patent Term Adjustment (“PTA”) period for Gilead’s patent US 8,148,374. This appeal focuses on 35 U.S.C. §154(b)(2)(C), i.e., the PTA shall be reduced by a period equal to the period of time during which the applicant failed to engage in reasonable efforts to conclude prosecution of the application.

During prosecution of the application which issued as the ‘374 patent, Gilead filed a supplemental IDS citing two other co-pending Gilead patent applications after submission of a reply to a restriction requirement issued by the PTO. The PTO next issued a notice of allowance with a reduction of 57 days in PTA for the period between Gilead’s reply to the restriction requirement and its filing of the IDS.

The issue here is whether filing a supplemental IDS after submitting a reply to a restriction requirement constitutes a failure to engage in reasonable efforts to conclude prosecution of the application.

The answer is yes. The Federal Circuit held that (1) “a reasonable interpretation of the statute is that Congress intended to sanction not only applicant conduct or behavior that result in actual delay, but also those having the potential to result in delay irrespective of whether such delay actually occurred;” and (2) “although an applicant’s conduct may not actually result in delaying the issuance of that applicant’s patent, such conduct may have negative externalities for other patent applicants because it could result in delaying the issuance of their patents.”

PATENT EXHAUSTION NOT EXTENDED BEYOND LICENSEES

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

A Federal Circuit panel reversed a district court’s summary judgment which held that Helferich Patent Licensing, LLC (Helferich) had exhausted its patent rights with respect to The New York Times Company and four other defendants based on separate licensing of its patent portfolio. The panel instead concluded that Helferich’s licensing of the

portfolio to handset manufacturers did not protect providers of content to those handsets under the exhaustion doctrine. *Helferich Patent Licensing, LLC v. The New York Times Company*, slip ops. 14-1196, 14-1197, 14-1198, 14-1199, 14-1200 (Fed. Cir. Feb. 10, 2015).

The panel concluded that applying the exhaustion doctrine to bar Helferich's infringement claims against the defendants would extend the doctrine beyond limits established by longstanding United States Supreme Court precedent, citing *Morgan Envelope Co. v. Albany Perforated Wrapping Paper Co.*, 152 U.S. 425, 14 S.Ct. 627, 38 L.Ed. 500 (1894), which specifically approved the opinion in *Aiken v. Manchester Print Works*, 1 F. Cas. 245, No. 113 (C.C.D.N.H. 1865). In *Aiken*, a manufacturer held distinct and separate patents to knitting machinery and specialized needles. Although the machinery and needles each required the use of the other to have value, the Court held that the exhaustion of patent rights on the machinery did not prevent the manufacturer from asserting its separate patent rights to the needles against a purchaser of the machinery.

Here, the panel noted that Helferich's claims are separately directed either to handsets or to systems and methods of providing content to handsets. Because licenses were granted only to handset manufacturers, the panel held that the exhaustion of Helferich's handset patent rights does not extend to the content patents as allegedly practiced by the defendants, even if providing content requires the use of licensed handsets. The panel pointed out that the defendants had not asserted that handset possessors practice any of the content claims at issue or that the defendants' practice of the content claims would require the use of any handset claims. The panel also pointed out that implied license and indirect infringement were not at issue, only patent exhaustion.

CLAIM MUST BE GIVEN THEIR PLAIN MEANING

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

Papst Licensing GmbH & Co. KG ("Papst") sued multiple camera manufacturers alleging infringement of Papst's U.S. Patent Nos. 6,470,399 ('399 patent) and 6,895,449 ('499 patent) directed to an interface device for transferring data between a host computer and an input/output data device.

The district court issued an initial and modified claim-construction order. The Camera Manufacturers filed motions for summary judgment contending non-infringement. The district court entered summary judgment of non-infringement for the Camera Manufacturers based on the district court's claim construction.

Papst appealed the district court's summary judgment orders and claim construction. In *Papst Licensing v. Fujifilm Corporation*, slip op. 2014-1110 (Fed. Cir. Feb. 2, 2015), the Federal Circuit reversed the district court's decision of final judgment and remanded for further proceedings.

On appeal, Papst argued that the district court's construction of the term "input/output device customary in a host device" in the '399 patent and the term "storage device customary in a host device" in the '449 patent were improper. Papst and the Camera Manufacturers disagreed over whether the interface device is "normally present within the chassis" of a computer.

The Federal Circuit relied upon the principle that "[t]he construction that stays true to the claim language and most naturally aligns with the patent's description of the

invention will be, in the end, the correct construction.” *Phillips v. AWH Corp.*, 415 F.3d 1303, 1316 (Fed. Cir. 2005). The Federal Circuit first looked to the language of the claim and noted that the language of the claim “does not carry a plain, precise meaning of [a] physical location inside the chassis.” The court then determined that the written description of the ‘399 patent and the ‘449 patent clearly evinced the intended meaning of the disputed claim term. The Federal Circuit reversed the district court’s decision of final judgment and remanded for further proceedings.

COLLATERAL ESTOPPEL REGARDS PRECISE QUESTION BEING REVISITED

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

United Access Technologies, LLC (“United”) is the owner of US Patent Nos. 5,844,596; 6,243,446; and 6,542,585. *United Access Techs., LLC v. Centurytel Broadband Servs. LLC.*, No. 2014-1347 at 2 (Fed. Cir. Feb. 12, 2015). United’s predecessor in interest, Inline Connection Corporation, brought suit against Earthlink, Inc. charging EarthLink with direct infringement of various claims of the above three patents. Specifically, Inline asserted that Earthlink’s Asymmetrical Digital Subscriber Line (“ADSL”) communication technology infringed the above patents. Earthlink’s defense was that it did not infringe the above patents.

The jury, in the above controversy, returned with a general verdict of non-infringement with respect to all asserted claims. The record did not indicate what ground for decision the jury had adopted in reaching its verdict. Next, Inline moved for a judgment as a matter of law (“JMOL”) claiming that a reasonable jury could not have found in favor of EarthLink. The trial court denied the motion, holding that the jury’s verdict would be upheld on either of two theories: (1) the jury could have concluded that Inline failed to carry its burden to show that ADSL technology infringed the asserted claims; or (2) the jury could have found that EarthLink did not infringe because none of its systems included a telephone, which was a required element of each of the asserted claims.

In 2011, United, as Inline’s successor, filed an action against CenturyTel Broadband Services LLC and Qwest Corporation asserting that the defendants had infringed the same claims of the above three patents. CenturyTel and Qwest sought dismissal of United’s claims based on collateral estoppel. In particular, the defendants’ theory was that the jury’s verdict in the EarthLink case had already established as a matter of law that the industry standard ADSL technology did not infringe United’s patents. Further, the defendants asserted that because United failed to show that the ADSL services sold by CenturyTel and Qwest differed in any material respect from the ADSL services that had been sold by EarthLink, the prior proceedings collaterally estopped United from proving infringement in the present action. The district court agreed with the defendants and dismissed the action on collateral estopped grounds. United appealed the above decision.

United, on appeal, argued that the district court misapplied the principles of collateral estoppel because the JMOL order in the EarthLink case established *only* that the jury could permissibly have reached its verdict on *either* a rationale that because it lacked a telephone or a rationale that the standard ADSL technology was not within the scope of the patents in suit. In other words, United asserted that the EarthLink JMOL decision did *not* establish that the jury necessarily based its verdict on a conclusion that the standard ADSL technology did not infringe United’s patents.

The Federal Circuit, on appeal, agreed with United's reasoning that when there are several possible grounds on which a jury could have based its general verdict and the record does not make clear which ground the jury relied on, collateral estoppel does not attach to any of the possible theories. *Novartis Pharm. Corp. v. Abbott Labs.*, 375 F.3d 1328, 1334 (Fed. Cir. 2004). The Federal Circuit held that because CenturyTel and Qwest are unable to show with clarity and certainty what was determined by the prior judgment, collateral estoppel does not attach to any of their possible theories.

SETTING THE LIMITS ON CLAIM DIFFERENTIATION

By Randy A. Noranbrock, Esq./Partner (randy@ipfirm.com)

In this case, *Fenner Investments, Ltd. v. Cellco Partnership*, slip op. 2013-1640 (Fed. Cir. Feb. 12, 2015), Fenner sued Cellco (Verizon Wireless) for infringement of U.S. Patent No. 5,561,706 ("the '706 patent").

Fenner appealed the grant of summary judgment of non-infringement based on claim construction of the District Court. The Federal Circuit affirmed

As in many other cases, the patentee sought to broaden the scope of their claims beyond the explicit description in the specification and numerous instances of disavowal of subject matter. Further, the patentee sought to have the Court disregard clear further statements of disavowal during prosecution to overcome applied references.

In particular in the written description, the patentee described the term at issue, i.e., personal identification number (PIN), as "not associated with any particular communications unit or physical location but are associated with individual users." The patentee also distinguished the subject matter from prior systems, stating "billing charges are associated with the telephone and not with the individual making the call." The description also discussed how the present invention "overcomes" the problems with prior approaches through a user-centered system associating PINs with individual users and not particular devices. Further adding to the already clear disavowal of scope, the patentee overcame a rejection during prosecution of the application by stating "[t]he present invention...is centered around the mobile user, not the mobile telephone." Given all of these statements by the patentee, it is unsurprising that the Court affirmed the lower court judgement.

The final argument raised by Fenner related to the doctrine of claim differentiation in which a dependent claim is able to affect the scope of the claim from which it depends. Fenner argued that the lower court's claim construction would render dependent claim 19 redundant or superfluous with respect to claim 18 from which it depended because claim 19 recited that the PIN "[is] independent of a particular physical communication unit." In their view, the construction of the lower court that claim 18 covers a PIN tied to a device would overlap in scope with claim 19, whereas they believed that due to the explicit language of claim 19 there should be room in claim 18 for a PIN not tied to a device and, in fact, a PIN tied to a user. The panel of the Federal Circuit found instead that even though claim differentiation is a useful analytic tool for determining claim scope, "it cannot enlarge the meaning of a claim beyond that which is supported by the patent documents, or relieve any claim limitations imposed by the prosecution history." Thus, claim differentiation is bounded by the statements made by the patentee both in the patent specification and during prosecution.

ADDITIONAL INFORMATION

To subscribe or unsubscribe to this newsletter, please email spassino@ipfirm.com.



Archived copies of this newsletter are available at www.ipfirm.com.

Follow us on Facebook:



Follow us on Twitter:



Follow us on LinkedIn:



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

**Tel: +1 (703) 684-1111
Fax: +1 (703) 518-5599**

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

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

**201, No. 47, Yuancyu 2nd Rd.
IP Innovation Center
Hsinchu Science Park 300
Hsinchu City, Taiwan, R.O.C.
Tel: +886-3-5775912
Fax: +866-3-5779280**

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

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

The articles in this newsletter are for informational purposes only and not for the purpose of providing legal advice or soliciting legal business. You should contact your attorney to obtain advice about each issue. Use of and access to this newsletter or any of the e-mail links contained herein do not create an attorney-client relationship between Lowe Hauptman & Ham, LLP and the user. The opinions expressed at or through this newsletter are the opinions of the individual author and may not reflect the opinions of the firm, any individual attorney, or the firm's clients. Unsolicited information sent to Lowe

Hauptman & Ham, LLP by persons who are not clients of the firm is not subject to any duty of confidentiality on the part of Lowe Hauptman & Ham, LLP.

All rights reserved. © 2015