

# 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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## MEANS-PLUS-FUNCTION NEEDS SUFFICIENT STRUCTURE

**By Anthony Hom, Esq. ([ahom@ipfirm.com](mailto:ahom@ipfirm.com))**

Media Rights Technologies, Inc. (“Media Rights”) owns U.S. Patent No. 7,316,033 (the ‘033 patent) regarding a method, system, and computer readable media for preventing unauthorized recording of electronic media. Media Rights sued Capital One Financial Corp. in the United States District Court, Eastern District of Virginia for infringement of the ‘033 patent. The district court granted judgment on the pleadings that all claims are invalid for indefiniteness. Media Rights appealed the decision to the United States Court of Appeals for the Federal Circuit. *Media Rights Technologies, Inc. v. Capital One Financial Corporation, Capital One Bank (USA), N.A., Capital One, N.A.*, slip op. 2014-1218 (Fed. Cir. Sep. 4, 2015).

The Federal Circuit affirmed the district court’s determination that the claim term “compliance mechanism” is a means-plus-function term (notwithstanding the use of the term, “mechanism”) and that the term lacks sufficient corresponding structure in the specification.

The Federal Circuit noted that since these functions are computer-implemented functions, the structure disclosed in the specification must be more than a general purpose computer or microprocessor. There needs to be an algorithm disclosed. It could be expressed as a mathematical formula, in prose, as a flow chart, or in any other manner that provides sufficient structure. Here, the specification fails to disclose an operative algorithm for both

the “controlling data output” and “managing output path” functions.

Media Rights argued that its C++ source code was the algorithm that performed the data diverting function. The Federal Circuit, however, determined that the code only returned error messages and did not explain how to perform the function.

Media Rights also argued that its set of rules provided sufficient structure for the data monitoring function. The Federal Circuit, however determined that the cited portion of the specification provides no detail about the rules themselves or how the “copyright compliance mechanism” determines whether the rules are being enforced.

## **PRESUMPTION OF VALIDITY NOT EXTENDED TO PRIORITY CLAIM**

***By Michael P. McComas, Esq. ([mmccomas@ipfirm.com](mailto:mmccomas@ipfirm.com))***

A Federal Circuit panel affirmed a finding by the Patent Trial and Appeal Board (“Board”) that Dynamic Drinkware, LLC (“Dynamic”) did not meet its burden of proving unpatentability in an *Inter Partes* review of National Graphics, Inc.’s (“National Graphics”) U.S. Patent No. 6,635,196 (‘196 patent). *Dynamic Drinkware, LLC v. National Graphics, Inc.*, slip op. 2015-1214 (Fed. Cir. Sep. 4, 2015).

The panel agreed that Dynamic had met its initial burden of production in asserting that the filing date of U.S. Patent No. 7,153,555 (“Raymond”) predated the earliest priority date of the ‘196 patent. The burden of production then shifted to National Graphics, who established a reduction to practice for its invention prior to Raymond’s filing date.

The burden of production therefore shifted back to Dynamic, who asserted Raymond’s priority claim to a provisional filing (“Raymond Provisional”) that predated National Graphics’ reduction to practice. Dynamic argued that the presumption of validity for Raymond was sufficient for a *prima facie* showing of the earlier priority date.

The panel, in agreement with the Board, stated that applying the presumption of validity to the priority claim “would be unsound because the PTO does not examine provisional applications as a matter of course; such a presumption is therefore not justified.” The panel also considered Dynamic’s presentation of a comparison of the written description of the Raymond Provisional to claims in the ‘196 patent to be insufficient. To meet the burden of production, Dynamic needed to have shown that the claim in Raymond was supported by the written description of the Raymond Provisional, thereby supporting the priority claim.

## **LOWER STANDARD OF PROOF DURING REEXAMINATION**

***By Wei-wen Tan, Patent Agent ([wtan@ipfirm.com](mailto:wtan@ipfirm.com))***

Dome Patent L.P. owns United States Patent No. 4,306,042 (the ‘042 patent), issued December 15, 1981. *Dome Patent L.P. v. Lee*, slip op. 2014-1673, (Fed. Cir. Sep. 3, 2015). In 1997, Dome alleged its ‘042 patent was infringed by six manufacturers of contact lens materials. One of them, Optical Polymer Research Inc., filed an *ex parte* reexamination request in 1998.

In July 2007, the Board determined that the ‘042 patent was obvious based on the technology available in 1980, when the patent application was filed. Dome appealed to the district court, where the ‘042 patent was affirmed to be obvious. Dome appealed the decision to the Federal Circuit, challenging the standard of review employed by the district court. The Federal Circuit affirmed and upheld use of the preponderance of the evidence

standard used by the district court.

According to Dome, the major issue is whether the district court erred by applying a preponderance of the evidence standard, rather than a clear and convincing evidence standard, in determining whether the evidence of record in this civil action was sufficient to support the defendant's contention that claim 1 of the '042 patent was invalid.

Citing 35 U.S.C. §282 and *i4i*, Dome argued that the district court erred by refusing to hold the USPTO to the clear and convincing evidence standard of proof. However, the Federal Circuit indicates that in an *ex parte* reexamination, an examiner is not attacking the validity of a patent but is conducting a subjective examination of claims in the light of prior art. When the USPTO institutes *ex parte* reexamination, it reopens prosecution to determine whether the claimed subject matter should have been allowed in the first place. At that point, there is no need to presume that the USPTO had "done its job" in the previous examination. Accordingly, the presumption of validity is no longer applicable.

### **NAUTILUS §112(B) STANDARD APPLIED**

***By Chang H. Yang, Patent Agent ([chyang@ipfirm.com](mailto:chyang@ipfirm.com))***

In this case, NOVA asserted that the claims in Dow's patent-in-suit are indefinite under the *Nautilus* standard. *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2020 (2014). Although NOVA challenged the indefiniteness issue after it had litigated and lost, the Federal Circuit held that the doctrine of issue preclusion or law of the case do not apply when "governing law is changed by a later authoritative decision." There are three requirements for the change in law exception to apply: (i) the governing law must have been altered; (ii) the decision sought to be reopened must have applied the old law; (iii) the change in law must compel a different result under the facts of the particular case. Here, all three requirements are satisfied.

The claim term at issue is "a slope of strain hardening coefficient greater than or equal to 1.3." There are four different methods that could be used to measure the slope and could produce different result. Before *Nautilus*, the Federal Circuit held that the claim term was not indefinite, because the Dow's expert, a person skilled in the art, had developed a method for measuring maximum slope, and "the mere fact that the slope may be measured in more than one way does not make the claims of the patent invalid." After *Nautilus*, the Federal Circuit held that this is no longer sufficient: "a patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention." In this case, the required guidance is not provided by the claims, specification, and prosecution history.

### **REASONS FOR AMENDING IRRELEVANT TO DETERMINE SCOPE**

***By Joshua L. Pritchett, Esq. ([jpritchett@ipfirm.com](mailto:jpritchett@ipfirm.com))***

In *R+L Carriers Inc. v. Qualcomm Inc.*, slip op. 2014-1718 (Fed. Cir. Sep. 17, 2015), the Federal Circuit held that amendments made by R+L Carriers during an *ex parte* reexamination narrowed the scope of the claims regardless of the reasons for the amendments asserted by R+L Carriers.

R+L Carriers originally filed suit against Qualcomm in June 2009 alleging induced infringement. In June 2013, R+L Carriers filed for an *ex parte* reexamination based on information submitted to R+L Carriers by a third party. During the reexamination, R+L

Carriers amended the independent claim of the patent. Qualcomm sold the allegedly infringing business prior to issuance of the reexamination certificate by the USPTO.

The district court held that the amendments to claim during reexamination narrowed the scope of the claim from a method performable by either a human or a computer to a method only performable by a computer. In reviewing the district court's opinion, the Federal Circuit stated that the factual findings of the district court during claim interpretation are reviewed for clear error; however, the ultimate determination of claim scope is reviewed *de novo*. The Federal Circuit stated that the amended added the feature that a loading manifest document is prepared "for another transporting vehicle," which narrowed the scope of the claims. Thus, the Federal Circuit concluded that the originally allowed claims are not "substantially identical" to the claims issued after the reexamination.

R+L Carriers argued that the intent of the amendment to the claims was merely for clarification. The Federal Circuit refused to consider the intent of the patentee's amendment. Instead, the Federal Circuit looked solely at the meaning and scope of the claim.

The combination of the amended claims failing the "substantially identical" standard and the sale of the allegedly infringing business prior to issuance of the reexamination certificate caused the Federal Circuit to determine that Qualcomm failed to infringe R+L Carriers' patent.

## **SOMETIMES AT LEAST ONE IS BETTER THAN AT LEAST TWO**

*By Michael J. Steger, Esq. ([msteger@ipfirm.com](mailto:msteger@ipfirm.com))*

Inline Plastics Corporation sued EasyPak, LLC for infringement of U.S. Patent No. 7,118,003 (the '003 patent) directed to tamper-resistant plastic food containers. *Inline Plastics Corp. v. EasyPak, LLC*, slip op. 2014-1305 (Fed. Cir. Aug. 27, 2015). After claim construction, Inline moved for entry of final judgment of non-infringement of the '003 patent, because the claims *as construed* were not infringed. Inline appealed the district court's claim construction, and asserted that the terms "frangible section" and "tamper evident bridge" were incorrectly construed. The district court construed "frangible section" to mean "a removable tear strip, delimited by at least two severable score lines." EasyPak's accused container had a frangible section with a single score line.

On appeal, Inline argued that the "frangible section" should have been construed to mean a "section of material that includes at least one score line or at least one perforation line." Inline pointed out that nothing in the specification, the prosecution history, or the prior art limited the "frangible section" by the number of score lines by which the frangible section is severed. The specification describes a preferred embodiment in which a frangible strip is limited at least in part by a pair of parallel score lines. The specification also states that a single score line or perforation is an alternative embodiment. The Federal Circuit agreed with Inline, because the examiner did not require such limitation, it was not a condition of patentability, and there was no prosecution history disclaimer. The Federal Circuit also referred to the doctrine of claim differentiation with respect to a dependent claim which recited "a pair of parallel score lines." The Federal Circuit reasoned that since the specification explicitly mentions the "alternative" of "a single score line or perforation line, rather than a pair of score lines," the doctrine of claim differentiation was applicable.

The Federal Circuit held that, on the facts and specification of the '003 patent, the district court erred in limiting the claims to a specific embodiment, because the invention as

claimed is supported by the patent's broader disclosure. Accordingly, the Federal Circuit corrected the district court's claim construction, and construed "frangible section" to mean "a section of material that includes at least one score line or at least one perforation line."

## LACHES DEFENSE REAFFIRMED

**By Bernard Berman, Esq. ([bberman@ipfirm.com](mailto:bberman@ipfirm.com))**

In *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC* No 13-1564 (Fed. Cir. Sep. 18, 2015), an *en banc* Federal Circuit rejected SCA's argument that *Petrella v. MetroGoldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014) abolished a *laches* defense to patent infringement. SCA reasoned that the Federal Circuit remained bound by the Federal Circuit's prior *en banc* opinion in *A.C. Aukerman Co. v. R.L. Chaides Construction Co.*, 960 F.2d 1020 (Fed. Cir. 1992).

At issue in this *en banc* hearing was:

- (1) Does the Supreme Court's decision in *Petrella* require the Federal Circuit's decision in *A.C. Aukerman* to be overruled so that a *laches* defense is not applicable within the 6 year period established by 35 U.S.C. §286 for limitation of damages; and
- (2) Should a *laches* defense bar injunctive relief; and can a *laches* defense bar ongoing royalties for continuing infringement.

With regard to question 1, the six member majority reaffirmed the *Aukerman* decision that Congress had codified a *laches* defense in 35 U.S.C. §282(b)(1), when read in view of P.J. Federico, *Commentary on the New Patent Act*, 35 U.S.C.A. 1, 55 (West 1954). Further, the majority also held fast to their *Aukerman* decision that §286 does not establish a statute of limitations for barring an infringement suit but rather has the effect of limiting damage recovery to acts of infringement within the 6 year period of §286. Finally, the majority found that *laches* and a statute of limitations are not inherently incompatible.

As for question 2, the majority said that "district courts should consider all material facts, including those giving rise to *laches*, in exercising its discretion to grant or deny an injunction." With regard to ongoing royalties, the majority concluded that the principles of equity should apply, and that equity normally dictates that courts award ongoing royalties, despite *laches*.

In a strong dissenting opinion, the dissenting judges disagreed that 35 U.S.C. §282(b)(1) codified *laches* for patents and asserted that *Petrella*, while directed to copyrights, should control, essentially stating that the Supreme Court has made it clear that there must be a particular justification in the statute before this court may announce special rules for patent cases.

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