

Latest Intellectual Property News



From Hauptman Ham, LLP

VOL. 7, NO. 1

FEBRUARY 2016

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

CONTENTS

Same panel can institute and decide inter partes review.....	1
Patentee loses after the Supreme Court win.....	2
Doctrine of equivalents and magnitude of differences.....	2
No patent term adjustment for restriction correction	3
Additional information.....	4

SAME PANEL CAN INSTITUTE AND DECIDE INTER PARTES REVIEW

By David Beardall, Esq. (dbeardall@ipfirm.com)

Ethicon Endo-Surgery, Inc., v. Covidien LP, slip op. 2014-1771, (Fed. Cir. Jan. 13, 2016).

Covidien marketed a surgical staple device that Ethicon argued infringed Ethicon's U.S. patent No. 8,317,070. In 2013, Covidien petitioned the United States Patent and Trademark Office Patent Trial and Appeal Board (PTAB) to institute *inter partes* review (IPR) of claims 1-14 of the '070 patent. A panel of the PTAB granted the petition and, in 2014, ruled in favor of Covidien, having determined that claims 1-14 of the '070 patent were obvious over the prior art under 35 U.S.C. §103. Ethicon appealed to the United States Court of Appeals for the Federal Circuit, raising two issues: whether having the same panel of the PTAB grant a petition to institute IPR and reach a final decision on the merits violated Ethicon's due process rights, and whether the PTAB had erred in its evaluation of the secondary considerations under *Graham* that could have overcome the *prima facie* obviousness.

The USPTO intervened to argue that the Federal Circuit did not have jurisdiction to hear the appeal, because the institution of IPR proceedings was involved. Under 35 U.S.C. §314(d), the "determination by the Director whether to institute an IPR shall be final and nonappealable." However, Ethicon had appealed the final decision by the PTAB, not the instituting of IPR. Thus, under 35 U.S.C. §319, a "party dissatisfied with the final written decision of the Patent Trial and Appeal Board ... may appeal the decision."

The Federal Circuit found that there was substantial precedent regarding combination of functions by administrative adjudicatory bodies that had been upheld by both the Supreme Court and lower courts. Adjudicators are afforded a presumption of honesty and integrity, even when exposed to evidence in non-adversarial proceedings. Challengers must show that an adjudicator is exposed to unofficial, "extrajudicial," sources of information in order to

rise to the level of actual bias. The Federal Circuit refused to vacate the PTAB's decision on the grounds that Ethicon's due process rights had been violated by the PTAB panel.

Ethicon argued that the board failed to afford Ethicon a presumption of nexus between the commercial success of the allegedly infringing Covidien device and the patent features. All parties agreed that the elements of the '070 patent claims 1-14 are present in the prior art. Ethicon argued that secondary considerations should have been more heavily weighed in order to overcome the prior art. However, Ethicon's own evidence supported the PTAB's finding that *unclaimed features*, such as staple strength, leak resistance, ergonomic design, and improved device articulation, underlay the success of Covidien's device. Accordingly the CAFC upheld the PTAB's finding of obviousness under 35 U.S.C. §103.

PATENTEE LOSES AFTER THE SUPREME COURT WIN

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

Commil USA, LLC. v. Cisco Systems, Inc., slip op. 2012-1042 (Fed. Cir. Dec. 28, 2016).

The United States Supreme Court held that a defendant's belief that a patent is invalid is not a defense to an induced infringement claim and remanded this case for further proceedings consistent with this opinion. The Federal Circuit adopted Cisco's non-infringement arguments to dispose of the case.

Commil holds U.S. patent No. 6,430,395 ('395 patent) on a method which requires two steps, that is, "dividing" and "running." Cisco contended that Commil cannot prevail, because neither Cisco nor its customers directly infringed by performing both "dividing" and "running" steps.

The Federal Circuit analyzed the "running" step in detail. The trial court construed the running step as requiring for each connection of a mobile unit with a base station, running at the base station a copy of the low level protocol supporting only that connection and running at the switch a corresponding separate copy of the high level protocol supporting only that connection.

The Federal Circuit agreed with Cisco that the "running" step was never performed when its system was used, because that system employed a single copy of the protocol to support all of the connected devices. Commil's expert testified that, at most, Cisco's devices tracked separate state information for each connected device. But tracking separate state information for each device did not provide substantial evidence to satisfy a limitation that required running a separate protocol copy for each device. When pressed, Commil's expert conceded that Cisco's system supported multiple connected devices at the same time, but only ran one copy of the protocol at any one time. Thus, substantial evidence did not support the jury's necessary finding that the accused devices performed the "running" step. This conclusion precluded liability under either of Commil's direct or inducement theories.

DOCTRINE OF EQUIVALENTS AND MAGNITUDE OF DIFFERENCES

By Anthony Hom, Esq. (ahom@ipfirm.com)

Wi-Lan, Inc. v. Apple Inc., slip ops. 2014-1437 & 2014-1485 (Fed. Cir. Jan. 8, 2016).

Wi-LAN Inc. owns U.S. Patent No. RE37,802 ('802 patent), which concerns a wireless data communication technique called "Multi-Code Direct-Sequence Spread Spectrum" (MC-DSSS). Wi-LAN sued Apple in United States District Court, Eastern District of TX, alleging infringement of claims 1 and 10 of the '802 patent regarding various wide-area

communication standards.

The District Court held that (1) APPLE did not infringe, and (2) the patent was not invalid. Appeal and cross-appeal were filed to the Federal Circuit.

The Federal Circuit affirmed the non-infringement ruling and reversed the district court's grant of judgment as a matter of law as to patent validity. A central issue was whether the order of operations in a process should affect the application of the doctrine of equivalents, even though the results were essentially the same. The Federal Circuit said, yes. It said that even though the different orderings of multiplications produce mathematically equivalent results, they require structurally different hardware pipelines to implement. It affects the number of multipliers, and the number of transistors that are needed on the circuitry.

Appellant Wi-LAN argued that changing the order of operations would save as few as twenty transistors out of the millions found on the chip. It argued that such a slight modification is insubstantial, and therefore the doctrine of equivalents should apply.

Respondent Apple argued that one should not consider the magnitude of structural differences with respect to the entire chip but only with respect to the portion of the chip used in the operation at issue. That portion of the chip contains only a few hundred transistors and a savings of 20 out of a few hundred transistors is "a big deal" in wireless communications.

In regard to reversing the district court's judgment as a matter of law as to patent validity, the Federal Circuit said that the district court's judgment as a matter of law of no invalidity was based on a reconstruction of the claims that went far beyond clarifying a meaning inherent in the construction or making plain what should have been obvious to the jury.

NO PATENT TERM ADJUSTMENT FOR RESTRICTION CORRECTION

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

A Federal Circuit panel majority upheld a district court's summary judgment in favor of the USPTO's calculation of a patent term adjustment that did not include time between issuance of a restriction requirement and subsequent issuance of a corrected restriction requirement. *Pfizer, Inc. v. Lee*, slip op. 2015-1265 (Fed. Cir. Jan. 22, 2016).

The decision was based primarily on interpretation of 35 U.S.C. §132, which governs issuance of office actions, including restriction requirements, in which an application is not considered to be in condition for allowance. Section 132 requires "stating the reasons for such rejection, objection, or requirement, together with such information and references as may be useful in judging of the propriety of continuing the prosecution." A majority of the panel concluded that the initial restriction requirement for the patent application at issue, while flawed, was sufficiently informative that the USPTO had met its obligation to the applicant under section 132, and was therefore justified in denying a patent term adjustment for the additional time before issuance of the corrected restriction requirement.

The patent application, which eventually issued as U.S. Patent No. 8,153,768, contained 144 claims. The initial restriction requirement listed 21 invention groups and placed each of the independent claims in at least one of the groups, but failed to account for six of the dependent claims. The panel majority indicated that, because each independent claim from which an omitted claim depended had been placed, the applicant was notified as to where

each of the omitted claims would likely be placed. The panel majority also noted that the applicant did not otherwise contest the groupings or placements, which were not modified in the corrected restriction requirement beyond the addition of the omitted claims.

Contrary to arguments presented by Pfizer in the appeal, the panel majority considered the withdrawal of the initial restriction requirement to be part of the normal “back and forth” process of prosecution, and that the initial restriction requirement provided a “line of demarcation” between inventions that was sufficiently clear for the applicant to take advantage of the “safe harbor” provided under 35 U.S.C. §121 for any divisional applications based on the original application.

ADDITIONAL INFORMATION

To subscribe or unsubscribe to this newsletter, please email rnoranbrock@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) 518-5499**

**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**

**Chiyoda Kaikan Bldg. 6F
1-6-17 Kudan Minami, Chiyoda-Ku,**

**642-6 Sungji 3 cha Bldg., Suite No.
1111**

Tokyo 102-0074 Japan

**Yeoksam-dong, Kangnam-gu
Seoul, Korea**

Tel: +81 3 6717-2841

Fax: +81 3 6717-2845

Tel: +82-2- 567-3710

Fax : +82-2-567-3712

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

All rights reserved. © 2016