

Latest Intellectual Property News



From Hauptman Ham, LLP

VOL. 7, NO. 4

MAY 2016

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

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ADMISSIONS IN ANDA LEAD TO DOE INFRINGEMENT

By **Greg Brummett, Esq.** (gbrummett@ipfirm.com)

Intendis GmbH v. Glenmark Pharmaceuticals Inc., slip op. 15-1902 (Fed. Cir. May 16, 2016).

The United States Court of Appeals for the Federal Circuit (“Federal Circuit”) affirmed the district court’s decision that U.S. Pat. No. 6,534,070 (“the ‘070 patent”) was infringed under the doctrine of equivalents (DOE) by Glenmark’s Abbreviated New Drug Application (“ANDA”) filing, that the ‘070 patent was not subject to prosecution history estoppel, and was not obvious.

The claims at issue are directed to a pharmaceutical composition useful in treating certain skin conditions including acne, rosacea, and other skin irritations.

Claim 1 of the ‘070 patent claimed a hydrogel composition comprising a number of ingredients including, specifically, triglyceride and lecithin. The ‘070 patent’s specification was silent as to the use of the triglyceride and/or the lecithin as penetration enhancers, but did include disclosure suggesting that the lecithin was being used primarily in its conventional role as an emulsifier.

The Glenmark composition; however, utilized isopropyl myristate (a skin penetration enhancer not found in the ‘070 patent claims) for increasing the delivery of the active ingredient (azelaic acid) to the affected skin tissues.

The district court found 1) that Glenmark infringed the ‘070 patent under DOE; and 2) that

the '070 claims were not obvious.

On appeal, the Court found no clear error in the district court's factual and legal findings, rejected each of Glenmark's arguments, and affirmed the district court's decision.

In particular, the Court noted that in its ANDA filing, Glenmark had repeatedly characterized isopropyl myristate, triglyceride, and lecithin as penetration enhancers. In light of these statements, the Court concluded that one of ordinary skill in the art could have reasonably understood each of the three compounds to exhibit this function, thereby supporting infringement under DOE.

CONSTRUING UNCLEAR CLAIM TERMS IN LIGHT OF THE SPECIFICATION IS PROPER

By Kien T. Le, Patent Agent (kien@ipfirm.com)

In *Howmedica Osteonics Corp., v. Zimmer, Inc.*, slip ops. 2015-1232, 2015-1234, 2015-1239 (Fed. Cir. May 12, 2016), the Federal Circuit affirmed the United States District Court for the District of New Jersey (hereinafter "district court") on both the district court's claim construction which resulted in no literal infringement, and the district court's enforcement of its local rules in forbidding the Patentee from untimely asserting infringement under the doctrine of equivalents (hereinafter "DOE").

As to the claim construction issue, an asserted claim recites "[a] recess and [a] taper are in juxtaposition with one another and placed at relative locations such that the effectiveness of each of the... recess and the... taper is maintained." The district court construed the "relative locations" claim language above to require that "the recess is essentially midway along the taper such that the effectiveness of each is not compromised" in light of the specification which contains only two passages describing how to place the recess and taper relative to one another to maintain effective alignment and securement. The Federal Circuit affirmed, holding that "construing the unclear claim terms at issue in light of the written description explanation is the proper claim construction technique." The Federal Circuit further rejected the Patentee's argument that the "essentially midway" arrangement is just a preferred embodiment, because the context in the patent does not support the Patentee's argument. The Patentee further pointed to a dependent claim explicitly reciting the "essentially midway" language and relied on the doctrine of claim differentiation to challenge the district court's claim construction. The Federal Circuit disagreed, because "claim differentiation is a rebuttable presumption that may be overcome by a contrary construction dictated by the written description or prosecution history" and, in this instance, that presumption has been rebutted.

As to the DOE issue, the local patent rules clearly require the Patentee state in its infringement contentions "whether each limitation of each asserted claim is alleged to be literally present or present under the [DOE]," but also clearly envision that the Patentee could seek to amend its infringement contentions after an adverse claim construction. Because the Patentee failed to set forth any DOE theory in its original infringement contentions, nor did it allege DOE in amended contentions, the district court enforced its local patent rules to forbid the Patentee from later asserting infringement under DOE. The Federal Circuit affirmed, finding no abuse of discretion in the district court's application of its clearly stated rules.

SUBJECT MATTER DEEMED DISCLAIMED IN VIEW OF INTRINSIC RECORD

By John Lagowski, Esq. (jlagowski@ipfirm.com)

David Netzer Consulting Engineer LLC v. Shell Oil Company, Shell Chemical LP, Shell Oil Products Company LLC, slip op. 2015-2086 (Fed. Cir. May 27, 2016).

Summary judgment of noninfringement was affirmed by the United States Court of Appeals for the Federal Circuit (“Federal Circuit”), because the intrinsic record clearly showed that the patentee disclaimed the type of compound separation process implemented by the accused infringer.

Netzer brought suit against Shell Oil in the United States District Court for the Southern District of Texas for infringement of U.S. Patent No. 6,677,496 (“the ‘496 patent”), directed at a process for the coproduction of ethylene and purified benzene. Claim 1 (the only independent claim) of the ‘496 patent included a step of “fractionating ... to form a purified benzene product.” Shell Oil moved for summary judgment of noninfringement, arguing that the claim term “fractionating” should be construed to mean “conventional distillation, i.e., separating compounds based on difference in their boiling points,” which excludes the “extraction” process (separating compounds based on solubility difference) implemented by Shell Oil. Netzer countered that “fractionating” should be construed to mean “separating a chemical mixture into fractions, no matter the process units used.” The district court granted summary judgment of noninfringement and Netzer appealed to the Federal Circuit.

On appeal, Netzer argued that both the intrinsic record and extrinsic evidence reflect that fractionation is not limited to distillation. Shell responded that the patentee disclaimed “extraction” in the specification by referring to fractionation as a process of separating compounds based on boiling points, by distinguishing extraction from fractionation, and by explaining that the invention was driven by a shift in market demand that no longer required the high purity benzene produced by extraction.

The Federal Circuit agreed with Shell Oil, stating that “the patentee made clear and unmistakable statements in the intrinsic record, distinguishing the claimed invention from and disclaiming conventional extraction methods that produce 99.9% pure benzene.” In further support of its decision, the Federal Circuit referenced several statements from the background section of the ‘496 patent including reference to a distillation problem as a “conventional fractionation issue,” reference to fractionation in connection with boiling points, and characterizing extraction as “expensive and not required.”

The Federal Circuit stated that “in view of the disclaimer of conventional extraction in the publicly available intrinsic record, Netzer cannot now attempt to recapture the disclaimed subject matter.”

PATENTEE BEARS THE BURDEN TO SHOW NON-OBVIOUSNESS IN IPR

By Chih-Kuei (Alex) Hu, Esq. (chu@ipfirm.com)

In Re: Aqua Products, Inc., slip op. 2015-1177 (Fed. Cir. May 25, 2016).

In the *Inter Partes* review procedure of U.S Patent No. 8,273,183, titled “Automated swimming pool cleaner having an angled jet drive propulsion system,” the Patent Trial and Appeal Board (PTAB) instituted trial on all of the challenged claims except claims 10-12 and the patentee, Aqua Products, Inc., moved to substitute new claims 22-24. Claims 22-24 introduced four new limitations, and Aqua only argued one of these limitations, the “vector

limitation,” in the Motion to amend.

The Board denied Aqua’s motion to amend, and stated the “vector limitation” would have been obvious because U.S. Patent No. 3,936,899 taught the positioning of the jet at an angle that satisfied the vector limitation. Regarding the other new limitations, the Board concluded, without analysis or evidence, that they were within the ordinary skill of a person in the art.

On appeal, Aqua argued that: (1) the Board’s regulations requiring a patentee to show that an amended claim was patentable over the art of record was unsupported by statute; (2) the Board’s interpretation of those regulations impermissibly placed on the patentee a burden to show non-obviousness; and (3) the Board had abused its discretion by denying Aqua’s Motion to amend, without considering all of the new limitations and the objective indicia of non-obviousness, as required for the invalidation of an original claim.

The Federal Circuit upheld the Board’s approach of allocating to the patentee the burden of showing that its proposed amendments would overcome the art of record. The Federal Circuit found that the Board had not abused its discretion. Because Aqua had the burden of showing that the substitute claims were patentable, the Board’s evaluation of Aqua’s motion to amend was limited to the consideration of the arguments that Aqua had actually raised. The Administrative Procedure Act (APA) only requires that the Board show that it fully considered the particular arguments raised by the patentee. Those requirements were satisfied.

TERM CAN BE GENERIC IF THE RELEVANT PUBLIC UNDERSTANDS

By Reina Kakimoto, Esq. (rkakimoto@ipfirm.com)

In re Cordua Restaurant Inc., Case No. 15-1432 (Fed. Cir. May 13, 2016).

The Federal Circuit affirmed the TTAB’s decision that the application for registration of a Cordua Restaurants Inc.’s stylized mark “CHURRASCOS” is generic.

Cordua Restaurants Inc. applied for registration of a stylized mark “CHURRASCOS” (Appl. No. 85/214,191) for use in connection with “Bar and restaurant services; Catering” in the USPTO. The Examiner refused its registration on the basis of descriptiveness and genericness, asserting that the term “churrascos” refers to beef or grilled meat more generally, and the term identifies a key characteristic of Cordua’s restaurant services. The Examiner also refused Cordua’s argument regarding stylization of the word because Cordua did not provide sufficient evidence of acquired distinctiveness. Cordua appealed to the TTAB. The Board agreed with the Examiner on the genericness basis, and also agreed that the stylization does not bear distinctiveness. Cordua appealed to the Federal Circuit. The Federal Circuit affirmed.

Apart from this Trademark application in question, Cordua owned a registered word mark “CHURRASCOS” (Reg. No. 3,439,321). This mark had been registered for over five years, therefore, the mark had achieved incontestability. Cordua attempted to use the incontestability status of the ‘321 mark as support for the distinctiveness of ‘191 mark; however, the CAFC agreed with the TTAB’s standpoint that even if the earlier registrations were incontestable, incontestability is irrelevant to the question of genericness, and that the existing registration of CHURRASCOS word mark does not preclude a finding that the stylized form of the mark is generic. Cordua also argued that there should be the presumption of validity under §7(b) of Lanham Act. In response, the Federal Circuit cited

case law that the presumption of validity does not carry over from registration of the older mark to a new application for registration of another mark that happens to be similar (or even nearly identical.)

The question of whether a particular mark is generic under the applicable standard is a question of fact, which the court reviews for substantial evidence. To determine whether a given term is generic, the TTAB applied a two-step test in *Ginn*. The two-step test comprises: “First, what is the genus of food or services at issue? Second is the term sought to be registered or retained on the register understood by the relevant public primarily to refer to that genus of good or services?” In applying the two-step test, the Federal Circuit agreed with *Cordua* that “a proper genericness inquiry focuses on the description of service set forth in the certificate of registration.” Therefore, in this case, the question is whether the term “churrascos” is understood by the restaurant-going public to refer to the wider genus of restaurant services, rather than the actual menu or advertisement used in connection with *Cordua*’s restaurants. It was not argued that the restaurant services are the relevant genus.

The Federal Circuit supported the TTAB’s finding that “based on the evidence that ‘churrascos’ is the generic term for a type of cooked meat,” that “‘churrascos’ is a generic term for a restaurant featuring churrasco steaks.” *Cordua* argued that “churrascos” refers specifically to a style of grilling meat and not to restaurant services. The Federal Circuit stated that “a term can be generic for a genus of goods or services if the relevant public (i.e., restaurant-going public) understands the term refers to a key aspect of that genus – e.g., a key good that characterizes a particular genus of retail services.” Based on the substantial evidence such as newspaper articles, the Federal Circuit supported the TTAB’s conclusion that “there is a class of restaurants that have churrascos as a central focus of their services, and that both competitors in the field and consumers use the term ‘Churrasco’ to refer to this type of restaurant. Further, the Federal Circuit clarified that although *Cordua* sought registration of the ‘191 mark with the broad genus of all restaurant services, it does not suggest that the term “churrascos” is necessarily generic as to any and all restaurant services, but seeking broad protection for its mark, *Cordua* obliged the PTO to direct its genericness inquiry to the broad category of restaurants generally.

REQUIREMENTS FOR A PATENT TRANSFER AGREEMENT TO CONFER PATENTEE STATUS

By *Chihao Wang*, (cwang@ipfirm.com)

Diamond Coating Techs, LLC v. Hyundai Motor Am., slip ops. 2015-1844, 2015-1861 (Fed. Cir. May 17, 2016).

The Federal Circuit affirmed the District Court for Central District of California’s holding that *Diamond Coating Technologies, LLC* cannot sue others for infringement of U.S. patent nos. 6,606,399 and 6,354,008 (“the Patents”), because the Patent Assignment, Transfer Agreement, and Ancillary Agreement between *Diamond* and the owner of the patents *Sanyo* do not confer the patentee status on *Diamond*.

Sanyo owned the Patents. In 2011, *Diamond* and *Sanyo* signed a Patent Assignment and Transfer Agreement and an Ancillary Agreement (“the Agreements”) to transfer various patent rights to *Diamond*. *Diamond* then sued several companies for infringing the Patents in the United States District Court for the Central District of California. The district court dismissed the action, finding that the Agreements do not confer patentee status on

Diamond. Therefore, Diamond cannot sue others for patent infringement without joining Sanyo. Diamond appealed to the Federal Circuit.

The Federal Circuit held that the issue of whether Diamond is a patentee of the patent-in-suit is a question of law, and reviewed the issue *de novo*.

The Federal Circuit held that Diamond is not a patentee of the Patents. The Federal Circuit reasoned that, “[t]o determine whether a provision in an agreement constitutes an assignment or license, one must... examine the substance of what was granted”. Among the patent rights, (1) “the exclusive rights to make, use, and sell...is *vitally important*,” and (2) “the nature and scope of the [patentee’s] retained right to sue accused infringers [and license the patent are] the most important factor[s] in determining whether an [agreement]...transfers sufficient rights to render the [other party] the owner of the patent.” Applying these two tests, the Federal Circuit found that the Agreements between Diamond and Sanyo do not confer Diamond sufficient patent rights to render Diamond the patentee. Specifically, the Agreements only confer Diamond the right of “prosecution, maintenance, licensing, litigation, enforcement and exploitation” of the Patents, while leave the rights to make, use and sell to Sanyo. The Agreements also limited Diamond’s right to sue infringers or license the Patents to third parties. Therefore, Diamond is not the patentee of the Patents and is not able to sue other parties without joining Sanyo.

Diamond and Sanyo signed *Nunc Pro Tunc* Agreements purportedly “to clarify the parties’ original intent” to “grant full ownership” of the Patents after the district court decision. The Federal Circuit, citing the precedent decisions of *Alps South, LLC v. Ohio Willow Wood Co.*, held that a *nunc pro tunc* agreement cannot establish the patentee status retroactively.

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