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## INCORPORATION BY REFERENCE IMPACTS CLAIM CONSTRUCTION

By [Gregory P. Brummett](#)

[Finjan LLC v. ESET, LLC, ESET SPOL. S.R.O.](#), Appeal No. 2021-2093  
(Fed. Cir., November 1, 2022, Prost, Reyna, and Taranto, precedential)

- Incorporation by reference does not convert the invention of the incorporated patent into the invention of the incorporating patent and the incorporated patent should instead be considered in the context provided by the disclosure of the incorporating patent to determine what effect, if any, the incorporated patent should have on the construction of the incorporating patent’s claims.
- “Incorporation by reference”는 통합되는 (incorporated) 특허의 발명을 통합하는 (incorporating) 특허의 발명으로 변환하지 않으며, 대신 통합되는 특허가 통합하는 특허의 청구항 구성에 어떤 영향을 미치는지 결정하기 위해서는 통합하는 특허에서 게시된 문맥에서 통합되는 특허가 고려되어야 합니다.
- 援用(incorporation by reference)が、援用される特許の発明を、援用している特許の発明へ変換するのではなく、援用される特許が、援用している特許の開示内容の文脈に照らして考慮され、援用している特許のクレームを解釈する上でどのような効果（あるとすれば）を持つかを判断される、ということである。
- 通过引用合并并不能将被合并专利的发明转化为合并专利的发明，而是应在合并专利的公开所提供的上下文中考虑被合并专利，以确定被合并专利应对合并专利的权利要求的解释产生什么影响（如果有的影响话）。

Finjan sued ESET for infringement of five patents directed to systems and methods for detecting computer viruses in a “downloadable” through a security profile. Each of the asserted patents was part of the same patent family, and each of the asserted patents claimed priority to the same provisional application. The term “downloadable” appeared in the claims of all the asserted patents but was defined in several different ways in the various patents in the family.

For example, although the original provisional application defined “downloadable” as “an executable application program which is automatically downloaded from a source computer and run on the destination computer,” two of the non-asserted patents in the family defined “downloadable” as “applets” and as “a small executable or interpretable application program which is downloaded from a source computer and run on a destination computer.” Conversely, two of the asserted patents defined “downloadable” more broadly as “an executable application program, which is downloaded from a source computer and run on the destination computer,” while also incorporating by reference non-asserted patents. The other three asserted patents did not provide an explicit definition of “downloadable,” but instead incorporated by reference one of the asserted patents and one of the non-asserted patents that defined “downloadable.”

The district court construed the term “downloadable” as used in the asserted patents to mean “a small executable or interpretable application program which is downloaded from a source computer and run on a destination computer,” basing this construction on the incorporation by reference of one of the non-asserted patents, reasoning that although the patent family contained “somewhat differing definitions,” holding that these varying definitions “can be reconciled.” In particular, the district court found that, based on the definitions and examples included in the various patents in the family tree, the term “downloadable” in the asserted patents should be construed to include the word “small” as defined in one of the non-asserted patents. In light of this construction ESET moved for summary judgment of invalidity due to indefiniteness based on the word “small” as used in the court’s construction of the term “downloadable.” The district court granted the motion and Finjan appealed.

Patent claims are read in light of the specification, which includes any documents properly incorporated by reference because those documents are “effectively part of the host patents as if they were explicitly contained therein.” However, the Federal Circuit explained that “incorporation by reference does NOT automatically convert the invention of the incorporated patent [or application] into the invention of the host patent” but rather it is the disclosure of the incorporating patent that provides context to determine what impact, if any, the incorporated patent(s) will have on the construction of the patent claims. Applying these principles, the Federal Circuit found that the district court erred in treating the differing definitions throughout the patent family as competing and limiting the construction of “downloadable” to the most restrictive definition of the term found in the patent family.

The Federal Circuit concluded that “downloadable,” as used in the asserted patents, meant “an executable or interpretable application program, which is downloaded from a source computer and run on the destination computer.” Because the Federal Circuit modified the claim construction on which the summary judgment motion was granted, the Federal Circuit vacated the summary judgment and remanded the case to the district court for further proceedings consistent with the revised claim construction.

By [Josh Hauptman](#)

[Treehouse Avatar LLC v. Valve Corp.](#), Appeal No. 2022-1171  
(Fed. Cir., November 30, 2022, [Lourie](#), Reyna, and Stoll)

- Experts/witnesses should be properly briefed for trial, and evidence presented in expert reports should be consistent with claim constructions.
- 전문가/증인은 재판을 위해 적절한 브리핑을 받아야 하며, 전문가 보고서에 제시된 증거는 청구항 구성과 일치해야 합니다.
- 専門家／証人は審理に向け適切に準備書面化されるべきであり、専門家報告書において提示された証拠がクレーム解釈と一貫性を持つべきである。
- 审判时应向专家/证人适当介绍审判情况，专家报告中提供的证据应与权利要求解释一致。

Treehouse owns US Patent 8,180,858 (“the ‘858 Patent”) directed to a method of collecting data from an information network in response to the choices of a plurality of users navigating character-enabled network sites on the network.

Valve Corporation (“Valve”) owns two accused video games. To play either game, a user downloads the software having data to customize their character. In affirming the motions, the Federal Circuit considered the meaning of “character-enabled network sites” in the claims of the ‘858 Patent. At trial, the parties agreed upon the interpretation of the phrase taken by the Patent Trial and Appeals Board (“PTAB”) during an IPR. The district court therefore adopted the agreed interpretation. Treehouse’s expert, however, submitted a report that applied the plain and ordinary meaning for the phrase, and not the agreed-upon construction. Thus, the expert did not apply the meaning adopted by the district court. The expert then submitted a supplement intended to “clarify” his initial report.

Valve filed a motion to suppress the expert’s evidence, arguing the expert’s report was “overbroad and inapplicable” based on an improper claim construction. While Valve’s motion was pending, Valve filed a motion for summary judgment, asserting that for the accused video games to meet the phrase at issue, the user device *cannot* be the character-enabled (“CE”) network that presents a character, object, or scene to the user, relying on the testimony of its own expert to show that Valve’s servers are not “CE network sites.” Valve’s expert testified that the program’s large file size is evidence that the downloaded software of Valve’s games resides on the user’s computer, not Valve’s servers, and includes the character data displayed on the user interface. The district court granted both Valve motions, striking portions of Treehouse’s expert report that Valve challenged and finding noninfringement because Treehouse failed to offer admissible evidence showing that Valve’s software operated as a CE network or site.

On appeal, the Federal Circuit first considered whether the district court abused its discretion by striking the expert’s report, positing that any such abuse would have to be manifestly erroneous. Noting that Valve’s expert report failed to include the proper construction of the CE limitation in his report, the reviewing court affirmed grant of the motion to suppress. The reviewing court rejected Treehouse’s argument that an expert report that does not recite an agreed claim construction nonetheless remains admissible so long as the opinions expressed in the report are not inconsistent with that construction. The Federal Circuit explained that the expert’s report undisputedly applied the “plain and ordinary meaning” of the CE limitation, not the construction adopted by the district court, and that any expert

opinion based on an improper claim construction is automatically suspect. Because Treehouse failed to demonstrate that the district court grant of the motion to suppress was manifestly erroneous, the Federal Circuit held that the district court had not abused its discretion.

The Federal Circuit next considered whether the motion for summary judgment was properly granted. The reviewing court explained that, to defeat the motion, Treehouse had to establish a genuine issue of material fact that Valve’s servers qualify as “CE network sites,” and that Valve’s game servers perform every step of the asserted method claims, particularly the CE elements. Because the district court properly struck Valve’s expert report as inadmissible, the reviewing court found that Treehouse did not provide evidence to show that the accused software satisfies the claimed CE elements. The Federal Circuit also found, on the other hand, that Valve had provided significant evidence that Valve’s servers do not satisfy the claimed CE elements. The Federal Circuit thus affirmed the district court finding that Valve was entitled to summary judgment of no infringement.

## “IRREVOCABLE” RIGHTS AND STANDING

By [Michael P. McComas](#)

### [Uniloc 2017 LLC v. Google LLC](#), Appeal No. 2021-1498

(Fed. Cir., November 4, 2022, Lourie, [Dyk](#), and Hughes)

- An “irrevocable” license covering patent rights is capable of being terminated by mutual agreement among the licensing parties.
- 특허권을 포괄하는 "취소 불가능한" 라이선스는 라이선스 당사자 간의 상호 합의에 의해 종료될 수 있습니다.
- 特許権を包含する“取り消し（解約）不能”のライセンスは、ライセンス当事者双方の合意により解除（終結）され得る。
- 涵盖专利权的“不可撤销”许可可以通过许可方之间的共同协议终止。
- A “bare unexercised license” covering patent rights does not fall within the category of rights “which by their nature survive and continue after any expiration or termination” of an agreement that includes the license.
- 특허권을 포괄하는 "행사되지 않은 라이선스"는 그 라이선스를 포함하는 계약의 "본질적으로 만료 또는 종료 후에도 존속하고 계속되는" 권리의 범주에 속하지 않습니다.
- 特許権を包含する“bare な実施されていないライセンス”は、そのライセンスを含む合意の“満了あるいは終了後もその性質上存続し継続する”権利のカテゴリ一には含まれない。
- 涵盖专利权的“未行使的裸许可”不属于包含该许可的协议“就其性质而言，在任何期满或终止后仍然存在并继续”的权利类别。

In response to multiple patent infringement suits brought by Uniloc 2017 LLC (“Uniloc”), Google LLC (“Google”) moved to dismiss the actions, asserting that Uniloc lacked standing based on Uniloc’s predecessors having granted a license to a creditor, Fortress Credit Co. LLC (“Fortress”). The United States District Court for the Northern District of California (“district court”) agreed with Google, finding that Uniloc’s predecessors had granted a license and unfettered right to sublicense the patents at issue to Fortress, and that a subsequent termination agreement had not eliminated that license. The

district court based its holding with respect to the termination agreement on the parties' license agreement including language directed to an "irrevocable" license.

Uniloc appealed to the Federal Circuit, and Google's response included an additional argument that the license agreement contained a provision allowing for rights "which by their nature survive and continue after any expiration or termination of this Agreement," and that Fortress's license was among such rights.

The reviewing court disagreed with the district court's opinion that the "irrevocable" language superseded the termination agreement, citing multiple cases in which such licenses had been terminated by mutual agreement, and distinguishing the cited cases from those in which a grantor of a license had attempted to unilaterally terminate an "irrevocable" license. The reviewing court also disagreed with Google's additional argument, indicating that "rights or contract provisions that by their nature survive termination include those related to what remedies are available in case of breach occurring during the term of the contract or dispute resolution mechanisms concerning such breach." The reviewing court acknowledged that such rights "might also take account of instances of past usage of a license or reliance interests as to future uses," but described the present case as being limited to a "bare unexercised license" that should not reasonably be included. The reviewing court also referred to a narrow exception in the license agreement under which sublicenses granted prior to a termination agreement would survive such an agreement, indicating that "[t]his narrow exception for the survival of sublicenses granted prior to termination suggests that not all license rights would survive termination." The Federal Circuit thus reversed the district court holding of lack of standing and remanded the case to the district court.

## LICENSING, STANDING, AND PRECLUSION

By [David Cain](#)

[Uniloc USA, Inc. v. Motorola Mobility LLC](#), Appeal No. 2021-1555  
(Fed. Cir. November 4, 2022, Lourie, Dyk, and Hughes, precedential)

- Collateral estoppel does not depend on the merits of the underlying case.
- 금반언의 원칙 (collateral estoppel) 은 기본사건의 장점 또는 결과 (the merits of the underlying case) 에 의존하지 않습니다.
- 副次的禁反言 (collateral estoppel) は、元になっている訴訟の本案に依存しない。
- 附帶禁止反言并不取决于其基本案件的案情实质。
- When settling appealed cases, be aware that the district court final judgment can have preclusive effect, and consider asking that the district court result be vacated.
- 소된 사건을 합의할 때, 지방법원의 최종 판결이 전속적 효력을 가질 수 있다는 점에 유의하고 지방법원 판결의 취소를 요청하는 것을 고려하세요.
- 控訴された訴訟を解決するにあたり、地裁の最終判決が除外効を持ち得るものであり、この地裁の結果を無効とすることを願い立て得ることに留意されたい。
- 在解决上诉案件时，要注意地区法院的最终判决可能具有排除效力，并考虑要求撤销地区法院的判决结果。

Predecessors to Uniloc 17 (Uniloc Luxembourg and Uniloc USA, hereinafter "Uniloc") entered into a license agreement with Fortress Credit Co. LLC ("Fortress") that would give Fortress a non-exclusive, irrevocable, and sub-licensable license to a collection of patents under certain enumerated

circumstances, called Events of Default in the agreement. One of the Events of Default, failure to reach a financial goal by a certain date, was triggered, resulting in grant of the license to Fortress.

Prior to these cases, and after the license was conveyed, Uniloc had sued Apple for infringing a patent that was subject to the license agreement. The district court held, in that case, that, because Fortress had the right to sub-license the patent at issue to Apple, Uniloc did not have exclusionary rights, with respect to Apple, in the patent and therefore lacked standing to sue Apple. Uniloc appealed that result unsuccessfully, ultimately settling with Apple without requesting vacatur of the district court decision. Uniloc and Fortress terminated the license agreement in May of 2018, but Uniloc sued Motorola Mobility LLC (“Motorola”) and Blackboard, Inc. (“Blackboard”) in 2017 on patents subject to the license while the license was in effect.

The district court in the Motorola case held Uniloc lacked standing for lacking the right to exclude in the asserted patent. In the Blackboard case, the district court dismissed for lack of subject matter jurisdiction, apparently finding that the Motorola case precluded Uniloc’s claims. Uniloc appealed both results to the Court of Appeals for the Federal Circuit.

On appeal, Motorola and Blackboard argued that the Apple result collaterally estopped Uniloc from claiming infringement of the patents at issue, since Uniloc filed suit while the license to Fortress was in effect. Uniloc argued that grant of the license did not deprive them of standing, so the result in Apple was incorrect and collateral estoppel is improper. The Federal Circuit rejected Uniloc’s argument, explaining that an analysis of collateral estoppel does not consider the merits of the underlying case, however questionable they might be. The reviewing court pointed out that Uniloc had litigated the merits of standing in the Apple case, had specifically appealed that issue, and did not request vacatur of the district court result. Uniloc explained that because settlement talks with Apple were underway they did not devote their full energy to the litigation. The Federal Circuit rejected Uniloc’s explanation as poor justification for failing to litigate properly.

The Federal Circuit held that the issue in this case is the same as that in the Apple case, that the issue was actually litigated by Uniloc to a final judgment in the district court, and that the issue raised here was essential to that judgment. Thus, collateral estoppel applies and forecloses the patent infringement claims made by Uniloc.

## ADDITIONAL INFORMATION

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