

Precedential Patent Case Decisions During March 2017

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I. Introduction

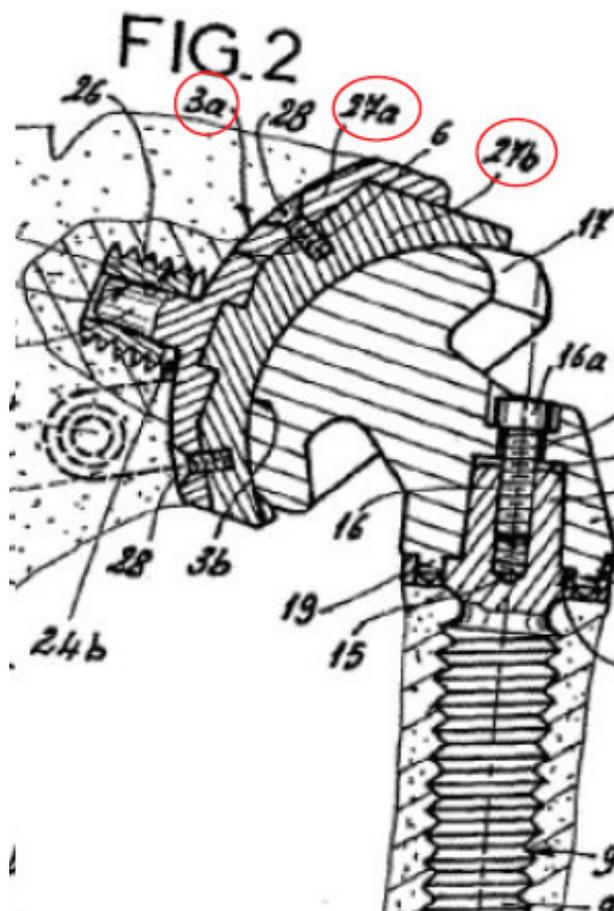
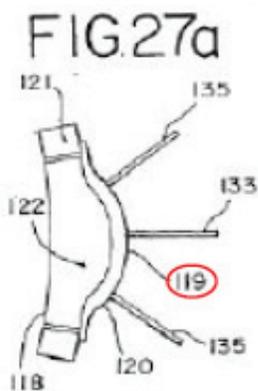
This paper abstracts what I believe to be the significant new points of law from the precedential decisions in patent cases this month. Cases relating to the PTAB are in red text. Cases of extraordinary importance are in blue text.

II. Abstracts of New Points of Law

In re Chudik, 2016-1817 (Fed. Cir. 3/27/2017).

Legal issue, 35 USC 112, claim construction. The Federal Circuit clarified that an apparatus claim defining elements "arranged to engage" defines elements that "must be at least capable of doing so" in the apparatus. That limitation distinguishes prior art in which corresponding elements can only be engaged by removing intervening parts of the apparatus. The following figures are relevant.

Chudik Figs. 7a, 27a, cavity 22 formed in the glenoid shell protruding surface 119	Prior art Rambert, glenoid surface 3a, elements 27a, 27b.
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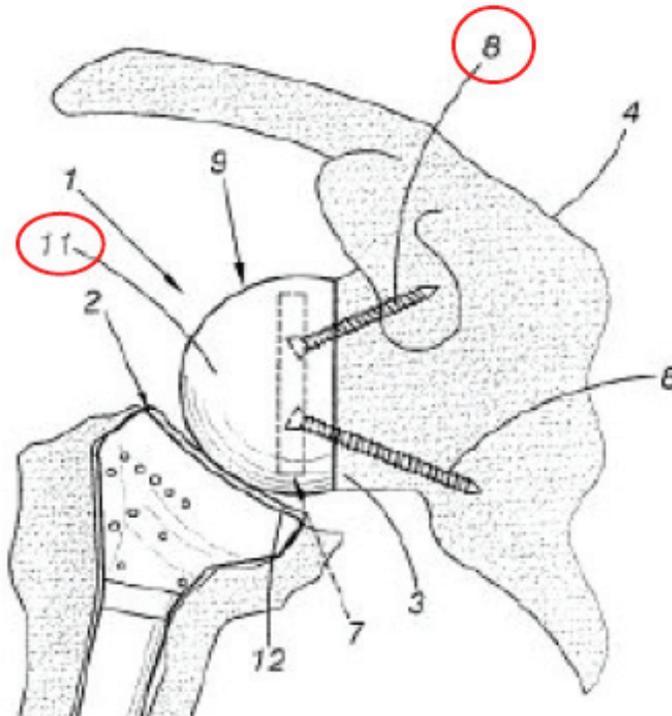


The PTAB had affirmed the examiner on the theory that Rambert's element 27b was "arranged to engage" the glenoid surface 3a. However, as shown above, Rambert's element 27b is separated from glenoid surface 3a by intervening element 27a. The Federal Circuit stated:

Claim 1 is indeed an apparatus claim, and the "arranged to engage" language [sic; "shell having a protruding surface on a first side arranged to engage the surface of a cavity formed in a glenoid extending between peripheral glenoid surfaces"] could imply that the protruding surface on the flat side need not always actually engage the glenoid cavity surface. However, it must be at least capable of doing so. [Footnote 3 omitted.] Here, element 27b's protruding surface cannot be "arranged to engage" the glenoid cavity surface without removing element 27a. Prior art that "must be distorted from its obvious design" does not anticipate a new invention. *Wells*, 53 F.2d at 539; see also *Topliff*, 145 U.S. at 161 (prior art that must be modified "to accomplish the function performed by the patent in question" does not anticipate). [Footnote 4 omitted.] Neither the Examiner nor the Board described how the protruding surface of Rambert's element 27b is capable of engaging the surface of the glenoid cavity without removing element 27a, i.e.,

tearing the invention apart. Therefore, substantial evidence does not support the Board's anticipation finding based on Rambert. [In re Chudik, 2016-1817 (Fed. Cir. 3/27/2017).]

Legal issue, 35 USC 102, anticipation. The Court placed the burden of persuasion to show that the prior art was operable in the claimed environment, on the PTAB. Chudik claimed "40. A glenoid implant comprising: a protruding surface on a first side arranged to engage the surface of a cavity formed in a glenoid...." The PTAB had concluded that *Chudik* "does not adequately address why Bouttens's surface 11 is structurally incapable of engaging a glenoid cavity that matches its protruding profile." The following portion of Fig. 1 of Bouttens is relevant; it shows the protruding surface of implant 11 facing away from the glenoid, and secured to the glenoid by screws 8.



The Court concluded that the Board erred because *the Board* failed to explain how Bouttens would be operable if its implant 11 was rotated to have the protruding surface arranged to engage the glenoid. This conclusion is significant, at least because it places the burden of persuasion on the Board to show operability of the prior art reference in the claimed environment. The Court stated that:

Figure 1 demonstrates that rotating Bouttens so that the protruding surface faces the glenoid cavity would require relocating the screws for Bouttens to

remain operable. This endeavor would constitute a significant and impermissible modification. *Wells*, 53 F.2d at 539; *Topliff*, 145 U.S. at 161.

The Board's determination of anticipation was erroneous because the Board failed to describe how a user could rotate Bouttens without modification while continuing "to accomplish the function performed by" the '631 application. *Topliff*, 145 U.S. at 161. We therefore reverse the Board's anticipation finding as not supported by substantial evidence. We need not resolve Mr. Chudik's second argument about whether the Examiner correctly construed "articulating surface." [In re Chudik, 2016-1817 (Fed. Cir. 3/27/2017).]

Note: The Court neglected to address the "cavity" recitation in claim 40: "arranged to engage the surface of a cavity formed in a glenoid." While the "cavity" is not part of the claimed apparatus, rotating the implant 11 so that its convex surface faced the glenoid would not result in the implant 11 "arranged to engage the surface of a cavity formed in a glenoid." This is because Bouttens Fig. 1 shows a flat surface of a glenoid and no cavity in the glenoid.

University of Utah v. Max-Planck-Gesellschaft, 2016-1336 (Fed. Cir. 3/23/2017).

In case 1:11-cv-10484-PBS, the D.Mass district court denied Max Planck's motion for attorneys fees. The district court found that the case was not "exceptional" within the meaning of 35 USC 285. The Federal Circuit affirmed. As noted by Federal Circuit judges at an April 7 2017 BAR meeting, that Court disfavors review of district court fee shifting awards. This case shows the Court's tendency to defer to the district court on this issue.

Legal issue, 35 USC 285, standard of review of district court fee shifting awards. The Federal Circuit stated that:

Rather than providing any set formula to dictate the district court's consideration of this issue, *Octane Fitness* defines an exceptional case as one that "stands out from others with respect to the substantive strength of a party's litigating position." *Id.* at 1756 The district court explained why UUtah's position did not stand out from other patent cases, and *Octane Fitness* does not require anything more. [University of Utah v. Max-Planck-Gesellschaft, 2016-1336 (Fed. Cir. 3/23/2017).]

Max Planck presents evidence from the record suggesting that the district court failed to take certain facts into account and overstated the factual and legal strength of UUtah's position. UUtah presents evidence from the record suggesting the contrary and defending its litigation strategy. We should be wary to wade in such circumstantial waters. The trial judge was in the best position to understand and weigh these issues. She had no obligation to write an opinion that reveals her assessment of every consideration. This court will not second guess her determination. We affirm. [University of Utah v. Max-Planck-Gesellschaft, 2016-1336 (Fed. Cir. 3/23/2017).]

SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC, 15-927

(3/21/2017).

The Federal Circuit had held that laches can defeat a claim for damages incurred within the 6-year period for past damages specified in 35 USC 286. The Supreme Court reversed.

Legal issue, laches, in view of 35 USC 286. 35 USC 286 states that:

35 U.S.C. 286 Time limitation on damages. Except as otherwise provided by law, no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action.

The Supreme Court held that laches is inapplicable to limit this statutory period. The Supreme Court relied upon its earlier decision in *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014), that laches may not be invoked as a bar to a copyright claim for damages brought within the three-year period set by the copyright statute of limitations, 17 U.S.C. § 504(d). The Supreme Court stated that:

We return to a subject that we addressed in *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U. S. ____ (2014): the relationship between the equitable defense of laches and claims for damages that are brought within the time allowed by a statute of limitations. In *Petrella*, we held that laches cannot preclude a claim for damages incurred within the Copyright Act’s 3-year limitations period. *Id.*, at ____ (slip op., at 1). “[L]aches,” we explained, “cannot be invoked to bar legal relief” “[i]n the face of a statute of limitations enacted by Congress.” *Id.*, at ____ (slip op., at 13). The question in this case is whether *Petrella*’s reasoning applies to a similar provision of the Patent Act, 35 U. S. C. §286. We hold that it does. [[SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC](#), 15–927 (3/21/2017).]

Petrella’s holding rested on both separation-of-powers principles and the traditional role of laches in equity. *** As we stressed in *Petrella*, “courts are not at liberty to jettison Congress’ judgment on the timeliness of suit.” *** Laches is a gap-filling doctrine, and where there is a statute of limitations, there is no gap to fill. *** Although the relevant statutory provisions in *Petrella* and this case are worded differently, *Petrella*’s reasoning easily fits the provision at issue here. *** By the logic of *Petrella*, we infer that this provision represents a judgment by Congress that a patentee may recover damages for any infringement committed within six years of the filing of the claim. *** Laches cannot be interposed as a defense against damages where the infringement occurred within the period prescribed by §286. The judgment of the Court of Appeals is vacated in part, and the case is remanded for further proceedings consistent with this opinion. [[SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC](#), 15–927 (3/21/2017).]

TVIIM, LLC v. McAfee, Inc., 2016-1562 (Fed. Cir. 3/21/2017).

The Federal Circuit affirmed, in an appeal from the N.D.Cal. district court in case

3:13-cv-04545-HSG. The district court had denied TVIIM motions for JMOL and for a new trial, challenging the invalidity and non-infringement findings of the jury. This case deals, ultimately, with a failure to request construction of certain claim terms, prior to trial.

Procedural Issue, FRCP 51(b), timing of objection to Court instructions

We first address TVIIM's argument that the jury rendered an inconsistent verdict of infringement and invalidity because the claim terms "as a result of/in response to," "various utility functions," and "reporting the discovered vulnerabilities" have more than one ordinary meaning. We note that TVIIM did not seek construction of any of the three terms at trial. It never presented multiple ordinary meanings of the three terms or showed that they are open to varying interpretations. We are not persuaded that any of the three terms has multiple ordinary meanings, and we discern no error in the district court submitting them to the jury without specific instruction. TVIIM argues that it is not seeking a new claim construction of any terms on appeal. To be sure, it has waived any new construction. "[A] party may not introduce new claim construction arguments on appeal or alter the scope of the claim construction positions it took below. Moreover, litigants waive their right to present new claim construction disputes if they are raised for the first time after trial." *Conoco, Inc. v. Energy & Env'tl. Int'l, L.C.*, 460 F.3d 1349, 1358–59 (Fed. Cir. 2006) (citations omitted). Thus, TVIIM "cannot be allowed to create a new claim construction dispute following the close of the jury trial." *Broadcom Corp. v. Qualcomm Inc.*, 543 F.3d 683, 694 (Fed. Cir. 2008). [*TVIIM, LLC v. McAfee, Inc.*, 2016-1562 (Fed. Cir. 3/21/2017).]

Bayer Cropscience AG v. Dow Agrosciences LLC, 2015-1854 (Fed. Cir. 3/17/2017).

The Federal Circuit affirmed, in an appeal from the D.Del district court in case No. 1:12-cv-00256-RMB-JS. The district court had awarded attorney fees to Dow upon finding that the case stood out from others and was thus exceptional. This decision contains a straightforward application the standard of review and legal criteria for an exceptional case based award of attorney fees, under *Octane Fitness*.

Legal issue, 35 USC 285, exceptional case standard for fee shifting

On appeal, Bayer first argues that the district court erred in finding the case exceptional because "Bayer had an objectively reasonable case on the merits." Reply Br. 1. The Supreme Court rejected such a rigid approach in *Octane Fitness*, holding that whether a party's merits position was objectively reasonable is not dispositive under § 285. *Octane Fitness*, 134 S. Ct. at 1756. Instead, the Supreme Court adopted a holistic and equitable approach in which a district court may base its discretionary decision on other factors, including the litigant's unreasonableness in litigating the case, subjective bad faith, frivolousness, motivation, and "the need in particular circumstances to advance considerations of compensation and deterrence." *Id.* at 1756–57, 1756 n.6. *** Here, the district court considered factors beyond the merits - including Bayer's litigation conduct - and emphasized that "Bayer's conduct in litigating this case in the face of

evidence that contradicted its contorted reading of the Agreement was objectively unreasonable.” *Fees Op.*, 2015 WL 1197436, at *8. The court explained that “if this were a case involving a colorable dispute regarding contract language, this would not be an exceptional case. But this case is not such case. Far from it.” *Id.* at *9. The district court further explained that, in its view, this case stood out from others because “[t]he positions Bayer took to support their contract interpretation arguments were directly contradicted by the record evidence Bayer had obtained through early discovery and Bayer should have made every effort to discover before filing suit.” *Id.* Summarizing, the court explained that “Bayer marched onward with a view of its case that was not supported by its witnesses.” *Id.* at *9. [Bayer Cropscience AG v. Dow Agrosciences LLC, 2015-1854 (Fed. Cir. 3/17/2017).]

The district court likewise did not abuse its discretion in concluding that Bayer failed to perform a diligent presuit investigation of its claims against Dow. Bayer’s own witnesses testified against its contract interpretation. We cannot say that the district court erred in reasoning that had Bayer conducted a more searching pre-suit investigation— at least of its own easily-obtainable evidence—it would have not filed suit. Nor did the district court err in treating pre-suit diligence as a factor in the totality-of-the- circumstance approach, as we have previously approved of this consideration in § 285 determinations. *See Lumen View Tech. LLC v. Findthebest.com, Inc.*, 811 F.3d 479, 481–83 (Fed. Cir. 2016). [Bayer Cropscience AG v. Dow Agrosciences LLC, 2015-1854 (Fed. Cir. 3/17/2017).]

Nidec Motor Corporation v. Zhongshan Broad Ocean Motor, 2016-1900 (Fed. Cir. 3/14/2017).

The Federal Circuit reversed an appeal from PTAB case IPR2014-01122. The PTAB had held claim 21 anticipated.

Legal issue, 35 USC 102, anticipation. The Federal Circuit clarified that its *Kennametal* test applied to an arrangement of otherwise expressly disclosed claim elements, and did not apply to a limitation not expressly disclosed but that could be immediately envisioned by a skilled artisan.

The Board held that anticipation can be found even when a prior art reference fails to disclose a claim element so long as a skilled artisan reading the reference would “at once envisage” the claimed arrangement. J.A. 21 (citing *Kennametal, Inc. v. Ingersoll Cutting Tool Co.*, 780 F.3d 1376, 1381 (Fed. Cir. 2015)). The Board’s misapplication of *Kennametal* improperly assumed disclosure of a claim element.

In *Kennametal*, the challenged claim required a ruthenium binding agent and a PVD coating to be used together. The prior art reference disclosed five binding agents (one of which was ruthenium) and three coating techniques (one of which was PVD). The reference never disclosed the specific combination of

ruthenium and PVD, but it taught that any of the five binding agents could be used with any of the three coating techniques. We held that substantial evidence supported the Board’s finding that the reference effectively taught fifteen combinations, one of which anticipated the challenged claim. *Kennametal*, 780 F.3d at 1382–83.

Kennametal does not stand for the proposition that a reference missing a limitation can anticipate a claim if a skilled artisan viewing the reference would “at once envisage” the missing limitation. Rather, *Kennametal* addresses whether the disclosure of a limited number of combination possibilities discloses one of the possible combinations. As we explained, the relevant question was “whether the number of categories and components disclosed in [the prior art reference] is so large that the combination of ruthenium and PVD coatings would not be immediately apparent to one of ordinary skill in the art.” *Id.* at 1382 (quoting *Wm. Wrigley Jr. Co. v. Cadbury Adams USA LLC*, 683 F.3d 1356, 1361 (Fed. Cir. 2012)) (quotations omitted). *Kennametal* does not permit the Board to fill in missing limitations simply because a skilled artisan would immediately envision them. [*Nidec Motor Corporation v. Zhongshan Broad Ocean Motor*, 2016-1900 (Fed. Cir. 3/14/2017).]

Comcast IP Holdings I LLC v. Sprint Communications Co., 2015-1992 (Fed. Cir. 3/7/2017).

The Federal Circuit affirmed an appeal from the D. Del. district court in case 1:12-cv-00205-RGA. A jury had found that Sprint infringed claims of three of Comcast's patents, and awarded Comcast a \$7.5 million damages award. The district court inter alia added prejudgement interest to the damages award.

Legal issue, 35 USC 284, prejudgement interest. Under the facts of this case, the Federal Circuit concluded that prejudgement interest based upon a lump sum payment resulting from a hypothetical negotiation was proper, even though two of the three patents issued after the time specified for the hypothetical negotiation.

Sprint contends that the district court erroneously charged Comcast prejudgment interest from 2006 forward even though neither the '008 Patent nor the '046 Patent had issued at that point. Appellant Br. at 57–64. Specifically, because neither of those two patents had issued yet, there could be no infringement as a matter of law for them in 2006. *** While in other contexts Sprint’s contentions might be well taken, they are not here. The parties’ experts agreed that any damage award should take the form of a lump sum royalty payment. And, the jury was told that the lump sum royalty payment should run from the date of the earliest relevant hypothetical negotiation. *** The jury was also told that the hypothetical negotiators would have employed the “book of wisdom,” looking forward in time from the date of the first hypothetical negotiation to account for “all information that would have been relevant to the parties in coming to and arriving at a deal.” *Id.* at 66; *id.* at 4594–95. Both experts agreed that this information would have included the issuance of any later patent

relating to the same technology. *** As the verdict form reflects, the jury found that claims in all three of the Low patents were infringed. [Comcast IP Holdings I LLC v. Sprint Communications Co., 2015-1992 (Fed. Cir. 3/7/2017).]

Prejudgment interest runs from the earliest date of infringement for any patent issued at the time of the hypothetical negotiation; here, the '916 Patent indisputably had been issued by 2006. We see no abuse of discretion in the district court's assessment of prejudgment interest against Sprint based on the entire royalty award. *See Bio-Rad Labs., Inc. v. Nicolet Instrument Corp.*, 807 F.2d 964, 969 (Fed. Cir. 1986) (“[T]he purpose of prejudgment interest . . . is ‘to ensure that the patent owner is placed in as good a position as he would have been had the infringer entered into a reasonable royalty agreement.’” (quoting *Gen. Motors Corp.*, 461 U.S. at 655)); *cf. Stickle v. Heublein, Inc.*, 716 F.2d 1550, 1561 n.8 (Fed. Cir. 1983) (“Since the parties treated the mechanical and process patents as a unitary licensing property, we need not consider damages for infringement of each patent individually. Under other circumstances it may well be necessary to determine damages separately for each such patent since a patent owner has every right to demand royalties for each patent he holds.”). [Comcast IP Holdings I LLC v. Sprint Communications Co., 2015-1992 (Fed. Cir. 3/7/2017).]

Intellectual Ventures I LLC v. Erie Indemnity Co., 2016-1128, 2016-1132 (Fed. Cir. 3/7/2017).

The Federal Circuit affirmed-in-part, vacated-in-part, and remanded-in-part an appeal from the W.D Pa. district court cases 1:14-cv-00220-MRH and 2:14-cv-01130-MRH. The district court had found all claims of three patents to be patent ineligible under 35 USC 101, and had also dismissed IV's (Intellectual Ventures I LLC 's) infringement claims of one of those patents (the '581 patent), for lack of standing.

Legal issue, 35 USC 281, standing to sue for patent infringement.

The '581 patent issued from a continuation application of an earlier patent. The Federal Circuit concluded that assignment of the earlier patent did not assign the '581 patent to the named assignee. Consequently, the Federal Circuit concluded that IV did not own the '581 patent. The interesting point of law is that the court clarified the difference in assignment scope resulting from contract language assigning a "patent," compared to contract language assigning an "invention."

In addition to its express identification and assignment of particular assets, this agreement included a more general grant clause: “Assignor, does hereby assign unto Assignee, all right, including common law rights, title and interest in the United States of America . . . in and to said patents together with the goodwill of the business symbolized by said patents and applications and registrations thereof.” *** Turning to the broader language of the agreement, IV has not demonstrated that the rights “in and to” a particular patent automatically include its child applications. Rather, IV seems to conflate the meaning of the word “patent,” as used in the agreement, with “invention”; the latter which we held

conveyed rights to continuation applications. *See DDB Techs.*, 517 F.3d at 1290. Thus, this language did not convey any rights, and a conclusion otherwise would directly conflict with the plain language of the agreement. For example, if the “in and to said patents” language automatically conveyed the rights to all applications within the family of those expressly identified, the agreement need not list the ’983 patent’s foreign counterpart applications either. But as Erie correctly observes, the agreement listed three of the ’983 patent’s foreign applications. J.A. 805; Erie Resp. Br. 31. The agreement did not, however, list the then-pending ’581 patent application. J.A. 805–06. We thus conclude that the “in and to said patents” language did not convey any rights to the ’581 patent. [Intellectual Ventures I LLC v. Erie Indemnity Co., 2016-1128, 2016-1132 (Fed. Cir. 3/7/2017).]

Having found IV lacked standing, the Federal Court was compelled to vacate the district court judgement relating to validity of the '581 patent.

Because IV lacks standing to assert infringement of the ’581 patent, we may not address that patent’s validity under § 101. When the party that filed suit is not the “patentee” under § 281 and otherwise fails to join the patentee to the suit, we dismiss all claims based on the subject patent. *See, e.g., Diamond Coating Techs., LLC v. Hyundai Motor Am.*, 823 F.3d 615, 618–19 (Fed. Cir. 2016). And when the patentee has not joined the action, we may not consider the merits of an affirmative defense directed to the patent in question, such as patent eligibility under § 101. *See, e.g., Bd. of Trs. of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 583 F.3d 832, 848–49 (Fed. Cir. 2009) (“Stanford . . . lacks standing to assert its claims of infringement Thus, the district court lacked jurisdiction over Stanford’s infringement claim and should not have addressed the validity of the patents. . . . The district court’s grant of summary judgment of invalidity is therefore vacated, and the case is remanded with instructions to dismiss Stanford’s claim for lack of standing.” (citation omitted)). Without the patentee joining suit, courts may not make findings about the ’581 patent against which the patentee has had no opportunity to defend. We therefore vacate the district court’s summary judgment order of invalidity as to this patent and remand with instructions to dismiss all claims based on the ’581 patent. [Intellectual Ventures I LLC v. Erie Indemnity Co., 2016-1128, 2016-1132 (Fed. Cir. 3/7/2017).]

Intellectual Ventures I LLC v. Capital One, 2016-1077 (Fed. Cir. 3/7/2017).

The Federal Circuit affirmed an appeal from the D. Md. district court case 8:14-cv-00111-PW. The district court had found all claims of two patents to be patent ineligible under 35 USC 101, and had barred IV (Intellectual Ventures I LLC and Intellectual Ventures II LLC) from asserting infringement of a third patent (the '084 patent), finding collateral estoppel (issue preclusion) as to the '084 patent. The district court had entered partial summary judgement (since antitrust counterclaims by Capital One remained pending), from which this

appeal arose. The D. Md. district court found collateral estoppel based upon entry of partial summary judgment of patent ineligibility under § 101 for the '084 patent, by the S.D.N.Y district court in case 13-cv-3777-AKH. Before the Federal Circuit, the parties only disputed whether the finality requirement for preclusion was met.

Legal issue, preclusion.

The Federal Circuit evaluated issue preclusion under the law of the fourth circuit. The Federal Circuit found that the partial summary judgment of the S.D.N.Y of patent ineligibility under 35 USC 101 of the '084 patent met the fourth circuit's requirement for finality, for issue preclusion to attach.

...The Fourth Circuit, however, applies a less rigid test of finality. *See Swentek v. USAIR, Inc.*, 830 F.2d 552 (4th Cir. 1987) (abrogated on other grounds). Under *Swentek*, finality neither demands final judgment, nor requires a party's appeal. *Id.* at 561. Rather, “[f]inality for purposes of collateral estoppel is a flexible concept and ‘may mean little more than that the litigation of a particular issue has reached such a stage that a court sees no really good reason for permitting it to be litigated again.’” *Id.* (citation omitted). Indeed, “[a]s long as the prior adjudication of the identical issue is conclusive, [the court does not] require the issue to be tried again because it lacked the formality of an express order and a ‘no just reason for delay’ determination.” *See id.* (noting that a trial judge need not enter judgment under Rule 54 and await appeal before ascribing a preclusive effect) (citation omitted). [Intellectual Ventures I LLC v. Capital One, 2016-1077 (Fed. Cir. 3/7/2017).]

Applying the Fourth Circuit's test, we conclude that the JPMC court's partial summary judgment order met the finality prong for the purposes of collateral estoppel. Here, the JPMC court granted Capital One's partial summary judgment motion after considering the parties' briefing and oral argument. 2015 WL 1941331, at *17. Indeed, in deciding JPMC, the United States District Court for the Southern District of New York “denied as moot” additional discovery motions related to the '084 patent. *Id.* Although the district court has not yet entered its judgment on IV's claims, it has nothing left to resolve absent a reversal and remand on appeal. Because this particular issue “has reached such a stage that [the district court would] see[] no really good reason for permitting it to be litigated again,” the JPMC court's order meets the finality requirement under Fourth Circuit precedent. *Swentek*, 830 F.2d at 561 (citation omitted). Thus, we conclude that collateral estoppel attaches as a result of the JPMC court's partial summary judgment order invalidating the '084 patent. [Intellectual Ventures I LLC v. Capital One, 2016-1077 (Fed. Cir. 3/7/2017).]

Michael Meiresonne v. Google, Inc., 2016-1755 (Fed. Cir. 3/7/2017).

The Federal Circuit affirmed the decision of the PTAB in case IPR2014-01188. The PTAB had found certain patented claims unpatentable for obviousness.

Legal issue, 35 USC 103, teaching away.

The Federal Circuit concluded that substantial evidence supported the Board's finding that the prior art did not teach away from the proposed combination. In doing so, the Federal Circuit clarified the legal criteria for teaching away.

This case is unlike previous cases in which we affirmed lower tribunal findings that prior art references taught away from the invention. In *DePuy Spine*, for example, the prior art taught that the addition of a rigid screw to the prior art spinal assembly would have eliminated or reduced the device's desired "shock absorber" effect, thereby rendering the device inoperative for its intended purpose. 567 F.3d at 1326–27. In that case, the prior art reference expressed a concern for failure of the assembly and stated that the shock absorber effect "decrease[d] the chance of failure of the screw or the bonescrew interface." *Id.* at 1327 (internal quotation marks omitted). The prior art depicted a "causal relationship between rigidity and screw failure," which supported the finding that it taught away from using rigid screws. *Id.*

Here, neither Hill nor Finseth indicates that inclusion of descriptive text would detract in any way from Finseth's goal of using a rollover viewing area to peruse data "much faster" than previous methods and "determin[ing] which web pages would be of most interest to the user." J.A. 1636 at 10:31–47. Finseth does not express concern that text descriptions would hinder the goal of communicating information about website links to a person browsing the internet. Instead it encourages the addition of graphical previews to known systems to "mak[e] the Internet even more advantageous than before." *Id.* at 10:40–42. Text descriptions—even if cursory or cryptic—and graphical previews both help a user to determine whether a link is relevant to the information he is looking for. And nothing in either reference indicates that descriptive text would render Finseth's rollover area inoperative for its intended purpose. [Michael Meiresonne v. Google, Inc., 2016-1755 (Fed. Cir. 3/7/2017).]

Prism Technologies LLC v. Sprint Spectrum L.P., 2016-1456, 2016-1457 (Fed. Cir. 3/6/2017).

The Federal Circuit affirmed the D. Neb. district court decision in case 8:12-cv-00123-LES-TDT. The district court had denied Sprint's post trial motions and Prism's motion for additional damages for ongoing infringement.

Legal issue, FRE 403, admissibility of licensing agreements for damages determinations. The Federal Circuit held that Spring had waived its arguments to exclude an AT&T Settlement Agreement. While not the holding in this case, the Federal Circuit makes the points that the Supreme Court's decisions in *Rude v. Westcott*, 130 U.S. 152, 164 (1889) and *Cornely v. Marckwald*, 131 U.S. 159, 161 (1889) do not govern admissibility of licensing agreements for reasonable royalty based patent damages determinations.

Sprint makes two additional arguments to us in support of excluding the AT&T Settlement Agreement. *** Sprint's first argument invokes the Supreme Court's 1889 decision in *Rude v. Wescott*. The Court held in *Rude* that there was

insufficient evidence to prove what has been called an “established royalty” as a measure of damages at law for patent infringement—i.e., “such a number of sales by a patentee of licenses to make, use and sell his patents, as to establish a regular price for a license.” 130 U.S. at 165 (requiring “common,” “frequent occurrence,” at “uniform” rate, to establish “such a market price for the article that it may be assumed to express, with reference to all similar articles, their salable value”). *** Later the same Term, the Supreme Court followed *Rude* and described its holding, as to litigation settlements, as addressing “the question of an established license fee.” *Cornely v. Marckwald*, 131 U.S. 159, 161 (1889). The Court in *Rude* used both the language of patent damages law and the language of evidence law, and both have changed significantly since *Rude*. As to patent damages law: this court has long noted that *Rude*, in focusing on an “established royalty” as a reliable measure of a patent technology’s value, reflected the then unsettled character of, and skepticism about, a “reasonable royalty” as a measure of relevant value in the absence of an established royalty. *See, e.g., Robert Bosch, LLC v. Pylon Mfg. Corp.*, 719 F.3d 1305, 1311 (Fed. Cir. 2013) (en banc); *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1554 (Fed. Cir. 1995) (en banc); [footnote 7 omitted] Donald S. Chisum, *Chisum on Patents* § 20.02[2] (2017). In the years after *Rude*, reasonable-royalty damages came to be approved judicially, *Dowagiac Mfg.*, 235 U.S. at 648–50 (approving royalty using other evidence to prove “the value of what was taken,” i.e., the value of use of the patented technology), and then legislatively, Act of Feb. 18, 1922, ch. 58, § 8, 42 Stat. 389, 392 (permitting a court to “adjudge and decree the payment by the defendant to the complainant of a reasonable sum as profits or general damages for the infringement”), leading to the current prevalence of that damages measure under 35 U.S.C. § 284. *See Robert Bosch*, 719 F.3d at 1311; *Uniloc*, 632 F.3d at 1312; Chisum, *supra*, §§ 20.03[3], 20.07. As to evidence law: the Supreme Court has recognized that the federal law of evidence is now embodied in the Federal Rules of Evidence, not in earlier Supreme Court decisions except to the extent they are actually reflected in the Rules. *See Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579, 587– 89 (1993); *Bourjaily v. United States*, 483 U.S. 171, 177 (1987). [*Prism Technologies LLC v. Sprint Spectrum L.P.*, 2016-1456, 2016-1457 (Fed. Cir. 3/6/2017).]

Legal issue, 35 USC 284, damages and ongoing royalty. The jury had determined damages based upon a damage theory equating damages to the cost of a capital expenditure. The Federal Circuit found the district court's conclusion that no ongoing royalty was appropriate, based upon that damages theory, was supported by the evidence.

In its cross-appeal, Prism argues that the district court erred in denying its motion for an accounting and ongoing royalties to award additional monetary relief covering infringement by Sprint past the period (ending in 2014) to which Prism says the jury verdict was limited. *** We affirm *** Here, the evidence presented by the parties is consistent with the district court’s finding that the jury

awarded damages for past, present, and future infringement. In particular, the evidence can be understood as suggesting that a hypothetical negotiation would likely have resulted in a one-time payment for a life-of-patent license. As discussed above, Mr. Malackowski testified that the parties would have valued the '345 and '155 patents based on Sprint's expected cost savings from avoiding the need to build its own backhaul network. Because those cost savings consisted, in large part, of Sprint's initial capital costs, the jury could have reasonably found that the parties would have structured the agreement as a fully paid license. And it could have found support for that finding in Prism's licensing practices. [Prism Technologies LLC v. Sprint Spectrum L.P., 2016-1456, 2016-1457 (Fed. Cir. 3/6/2017).]

Tech. Props. Ltd. v. Huawei Techs. Co., Ltd., 2016-1306, 2016-1307, 2016-1309, 2016-1310, 2016-1311 (Fed. Cir. 3/3/2017).

The Federal Circuit vacated and remanded Appeals from the N.D. Cal in case Nos. 3:12-cv-03865-VC, 3:12-cv-03876-VC, 3:12-cv-03877-VC, 3:12-cv-03880-VC, 3:12-cv-03881-VC.

Legal issue, 35 USC 112, claim construction, prosecution history disclaimer. The Federal Circuit found that the claim scope was limited by prosecution history disclaimer. The Court noted that, while the arguments the patentee made on appeal distinguishing prior art from the claimed invention that could have avoided prosecution history disclaimer if they had been made before the PTO during prosecution, those were not the arguments made before the PTO during prosecution. The Court noted that prosecution history disclaimer was based upon what a PHOSITA would have understood the patent applicant disclaimed during prosecution, not a more finely tuned argument on the same prior art presented in subsequent litigation.

Technology Properties presented clear and concise arguments about the distinctions between Magar and the '336 patent in its briefing to our court. Had those same arguments been made to the Patent Office, our construction may have been different because the patentee likely disclaimed more than was necessary to overcome the examiner's rejection. But the scope of surrender is not limited to what is absolutely necessary to avoid a prior art reference; patentees may surrender more than necessary. *See Norian Corp. v. Stryker Corp.*, 432 F.3d 1356, 1361–62 (Fed. Cir. 2005); *Fantasy Sports Props., Inc. v. Sportsline.com, Inc.*, 287 F.3d 1108, 1114–15 (Fed. Cir. 2002). When this happens, we hold patentees to the actual arguments made, not the arguments that could have been made. *Norian*, 432 F.3d at 1361–62. The question is what a person of ordinary skill would understand the patentee to have disclaimed during prosecution, not what a person of ordinary skill would think the patentee needed to disclaim during prosecution. [Tech. Props. Ltd. v. Huawei Techs. Co., Ltd., 2016-1306, 2016-1307, 2016-1309, 2016-1310, 2016-1311 (Fed. Cir. 3/3/2017).]

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