Recent U.S. Case Law and Developments (Patents)

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An Eclectic Potpourri

PTAB – The Most Active Forum

- In 2014 and 2016, the PTAB was the most active forum for US patent validity challenge
- In 2015 the PTAB and TXED had a **record** year for filings.

Most active courts by number of cases	2011	2012	2013	2014	2015	2016	2017 YTD*
PTAB	-	112	792	1,677	1,800	1,758	695
TXED	580	1,252	1,498	1,428	2,548	1,679	452
DED	486	1,001	1,335	942	544	458	200
CACD	329	506	411	320	277	287	99

Source: DocketNavigator Analytics, as of May 1, 2017

Constitutionality of the IPR Procedure

- Patent owner has attacked Constitutionality of the IPR procedure
  - Asserts that—once granted—a patent is a private right which only a court can invalidate
  - Requested that the appeal be heard *en banc ab initio*
    - Federal Circuit refused *en banc* procedure, at least initially
      - Some judges appear to see merit in the private right argument
    - Appeal will be decided by a panel

  Cascades Projection LLC v. Epson America, Inc. (Fed. Cir. May 11, 2017)

Prosecution History

- A statement made during an IPR can be relied upon in a district court to support a finding of prosecution disclaimer.
  - Statement was made in a Patent Owner's Preliminary Response

  Aylus Networks, Inc. v. Apple, Inc. (Fed. Cir. May 11, 2017)

Written Description

- More frequent attention to quality of disclosure and claims
  - 35 U.S.C. § 112 issues.
- Two examples:
  - Patentee could not rely on background knowledge of persons skilled in the art to supply missing details of a written description of a claimed invention of coffee pods
    - *Rivera v. Intl. Trade Comm.* (Fed. Cir. May 23, 2017).
  - Applying the proper claim construction, the claims lacked proper written description support
    - Claims themselves did not provide support, because they were added after filing

    Cisco Systems, Inc. v. Cirrex Systems, LLC (Fed Cir. May 10, 2017)

Secondary Considerations of Nonobviousness

- Nonobviousness may be indicated by secondary considerations (objective indicia), such as commercial success, industry praise, long felt need, etc.
  - The secondary considerations must have a nexus to the claimed invention.
- These issues are more frequently arising in IPRs
  - Mixed success
  - Saved some pharma patents
- Example:
  - *Novartis AG v. Torrent Pharmas. Ltd.* (Fed. Cir. April 12, 2017)
    - Affirmed IPR determination of obviousness
    - Patent owner failed to show the necessary nexus

Doctrine of Equivalents – Chemical Material Patents

- Opinion by Judge Lourie required applying both
  - Function-Way-Result (FWR) test, and
  - Insubstantial differences test
- Non-mechanical cases not well-suited to FWR test
- Example of aspirin & ibuprofen
  - Both appear to have the same FWR
  - Structurally, different

Mylan Institutional, LLC v. Aurobindo Pharma Ltd. (Fed. Cir. May 19, 2017)

Exceptional Cases

- Under U.S. law, increased damages and the successful party's attorneys' fees may be awarded in "exceptional cases
- Considerable recent litigation over what constitutes an "exceptional" patent case.
- Examples:
  - Fed. Cir. reversed a TXED decision, saying failure to declare a case exceptional was an abuse of discretion
    - *Rothschild Connected Devices Innovations, LLC v. Guardian Protection Services, Inc.* (Fed. Cir. June 5, 2017).
  - A finding that a case was exceptional in the absence of evidence of bad faith was an abuse of discretion
    - *Checkpoint Systems, Inc. v. All-Tag Security S.A.* (Fed. Cir. June 5, 2017).

Supreme Court

Infringement – Export of a Component

- It is an infringement of a U.S. patent to export a "substantial portion of the components" … "in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States"
  - 35 U.S.C. § 271(f)
- Supreme Court held that export of a single component did not satisfy the "substantial portion of the components" standard.
  - Reversed the Federal Circuit.

  Life Technologies Corp. v. Promega Corp. (Feb. 22, 2017)

Laches

- Laches is a defense that had been used in patent cases to avoid payment of past damages, because of an unfair delay by the patent owner in suing for infringement.
- The Supreme Court has reversed the Federal Circuit's application of the laches doctrine.
  - The time limit on damages is provided by 35 U.S.C. § 286.
    - Damages are limited to 6 years before suit is filed.
  - Defense of estoppel, based on acts of a patent owner indicating that a patent would not be enforced, is apparently unaffected.

  SCA Hygiene Prods. AB v. First Quality Baby Prods. LLC (March 21, 2017).

Exhaustion

- Supreme Court, reversing the Federal Circuit, held:
  - After a sale of a patented product, “there is no exclusionary right left to enforce,” and
  - “An authorized sale outside the United States, just as one in the United States, exhausts all rights under the Patent Act.”
- Reservation of patent rights, by contract, was permitted.
  - Would require suing customers.

  Impression Products, Inc. v. Lexmark Int’l, Inc. (May 30, 2017)

Service of Process Under the Hague Convention

- Hague Convention provides for
  - Service of process through diplomatic channels
  - Service of documents by mail generally
- *Water Splash, Inc. Menon*
  - Question: Does the Hague Convention forbid service of process by mail?
  - Answer: No, not unless the receiving state has objected

Venue in Patent Actions—U.S. Corporations

- 28 U. S. C. §1400(b), provides that "[a]ny civil action for patent infringement may be brought in the judicial district where
  - the defendant resides, or
  - where the defendant
    - has committed acts of infringement and
    - has a regular and established place of business."

Venue in Patent Actions—U.S. Corporations

- In 1990, the Federal Circuit interpreted a 1988 amendment of the general venue statute for corporations as changing the meaning of "resides" in the patent infringement venue statute (§1400(b)), for a corporation
  - Venue was any district where a corporation was subject to personal jurisdiction

  VE Holding Corp. v. *Johnson Gas Appliance Co.*, 917 F. 2d 1574 (1990)
- In May, 2017, the Supreme Court said the *VE Holding* decision was wrong
  - Reaffirmed its holding in *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U. S. 222, 226 (1957) that, for purposes of §1400(b), a domestic corporation "resides" only in its state of incorporation,

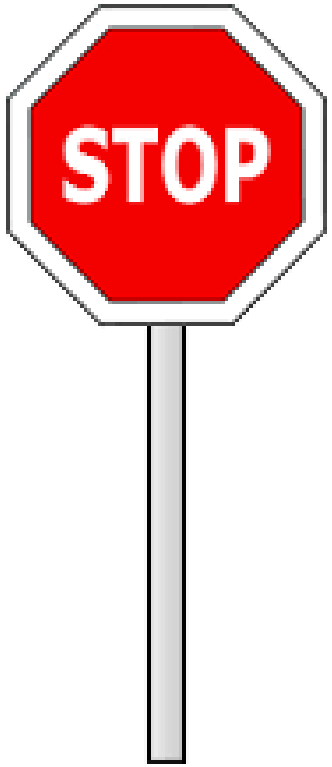
  TC Heartland LLC v. Kraft Food Group Brands LLC

Venue in Patent Actions—U.S. Corporations

- Now, for U.S. corporations, under § 1400(b):
  - "resides" means only the state of incorporation,
  - Venue is proper in patent infringement actions, outside of the state of incorporation, only if
    - There are "acts of infringement" in the district, and
    - The corporation has a "regular and established place of business" in the district.
  - The "acts of infringement" do not need to involve the same business as the "regular and established place of business"

Venue in Patent Actions—Foreign Corporations

- The *TC Heartland* opinion expressly did not address the foreign defendant question.
- A non-resident defendant can be sued anywhere in the United States:
  - "[A] defendant not resident in the United States may be sued in any judicial district, and the joinder of such a defendant shall be disregarded in determining where the action may be brought with respect to other defendants."
    - 28 U.S.C. § 1391(c)(3).



Our time has expired

Thank you

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