



## **Patent Law Year in Review**

A Look Back at 2013 and Ahead to 2014

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JANUARY 22, 2014

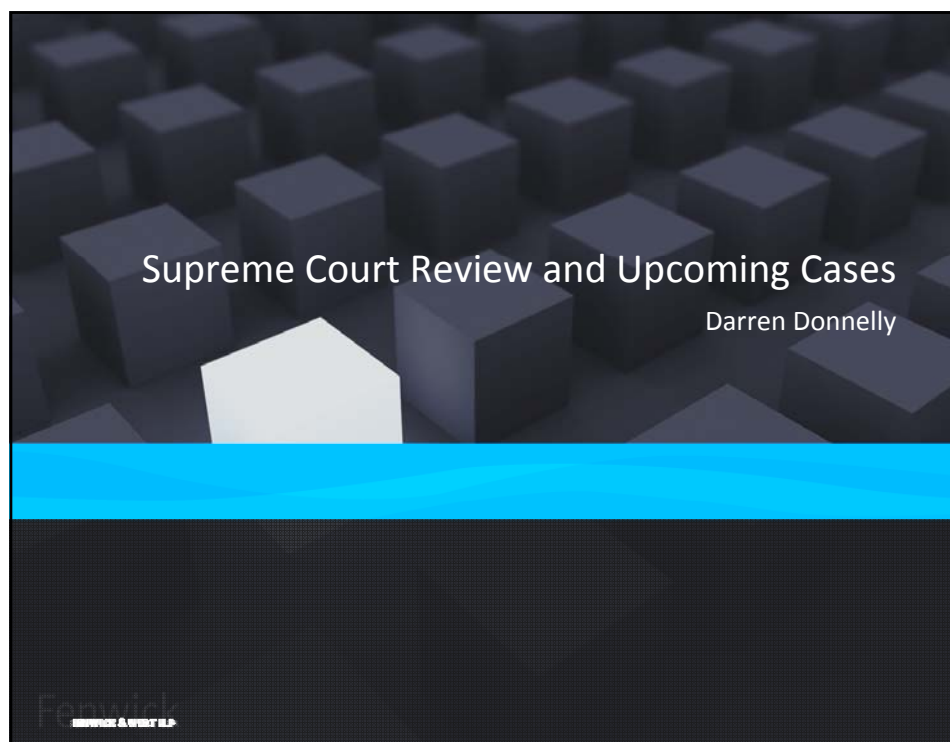
## Agenda

7:55 a.m. – 8:00 a.m.	Introduction
8:00 a.m. – 9:30 a.m.	<p>Supreme Court Review and Upcoming Cases</p> <p>Developments at the Federal Circuit and the International Trade Commission</p> <p>Developments at the E.D. Texas and Delaware</p>
9:30 a.m. – 9:40 a.m.	--Break--
9:40 a.m. – 10:40 a.m.	<p>Patent Reform</p> <p>Rule Changes to Implement Patent Law Treaties</p> <p>Contested Proceedings Developments at the Patent Trial and Appeals Board</p>
10:40 a.m. – 10:50 a.m.	--Break--
10:50 a.m. – 11:50 a.m.	<p>Breakouts Sessions:</p> <p>High Technology: Developments in Patentable Subject Matter, Obviousness, and FRAND Licensing</p> <p>Life Sciences: Developments in Patentable Subject Matter, Obviousness, and §271(e)</p>
11:50 a.m. – 12:00 p.m.	--Break / Lunch box pickup --
12:00 p.m. – 1:00 p.m.	Ethics Hour



## Agenda

- Supreme Court Review and Upcoming Cases
- Developments at the Federal Circuit and the International Trade Commission
- Developments at the E.D. Texas and Delaware
- Patent Reform
- Rule Changes to Implement Patent Law Treaties
- Contested Proceedings Developments at the Patent Trial and Appeals Board
- Breakouts
  - Life Sciences ( § 101, Reverse Payments)
  - High Tech ( § 101 , § 103, FRAND)
- Ethics Hour



- 2013
  - Kirtsaeng v. John Wiley & Sons
  - Bowman v. Monsanto Company, *et. al*
- 2014
  - Nautilus, Inc. v. Biosig Instruments, Inc.
  - Alice Corporation Pty. Ltd. v. CLS Bank International
  - Limelight Networks, Inc. v. Akamai Technologies, Inc.
  - Medtronic, Inc. v. Boston Scientific Corp.
  - Highmark Inc. v. Allcare Management Systems, Inc.
  - Octane Fitness v. Icon Health and Fitness

### “First sale” Doctrine Applies to Copies of a Copyrighted Work Lawfully Made Abroad — *Kirtsaeng v. John Wiley & Sons*

- Kirtsaeng resold in the U.S. John Wiley textbooks originally sold abroad
- D.Ct. and 2nd Cir. held violation of § 602(a)(1)’s import prohibition (through reference to § 106(3) exclusive rights of copyright)
- Sec. 106 limited by “first sale” doctrine codified in § 109
- *Quality King* held § 602(a)(1)’s reference to § 106(3) incorporates § 109’s “first sale” doctrine for copies made in U.S.
- ISSUE: Does first sale doctrine limit exclusive rights for copies originally sold abroad with authorization?
- HELD: YES

### “First sale” Doctrine Applies To Copies of A Copyrighted Work Lawfully Made Abroad — *Kirtsaeng v. John Wiley & Sons*

- Best read of § 109’s language and context does not limit it geographically
- The common-law “first sale” doctrine, which has an impeccable historic pedigree, makes no geographical distinctions.
- Citing Lord Coke from the 17<sup>th</sup> century
  - Restrictions on alienation of chattels are void
  - “Against Trade and Traffi[c], and bargaining and contracting betwee[n] man and man”
- “A law that permits a copyright holder to control the resale or other disposition of a chattel once sold is similarly ‘against Trade and Traffi[c], and bargaining and contracting.’”



### “First sale” Doctrine Applies To Copies of A Copyrighted Work Lawfully Made Abroad — *Kirtsaeng v. John Wiley & Sons*

- “Emphasizes the importance of leaving buyers of goods free to compete with each other when reselling or otherwise disposing of those goods.”
- Antitrust law and policy
  - “American law too has generally thought that competition, including freedom to resell, can work to the advantage of the consumer”
- Judicial efficiency
  - Frees courts from the administrative burden of trying to enforce restrictions upon difficult-to-trace, readily movable goods.
  - Avoids the selective enforcement inherent in any such effort

### Implications and Takeaways — *Kirtsaeng v. John Wiley & Sons*

- Cases rejecting international patent exhaustion potentially suspect
- Reconciling common law rationale and economic impact
  - Economics still a good predictor
  - Clarifies (in one context) what Court views as economic rights of IP
- Contractual restrictions scrutinized
- International harmonization likely to press for more predictability than common law evolution

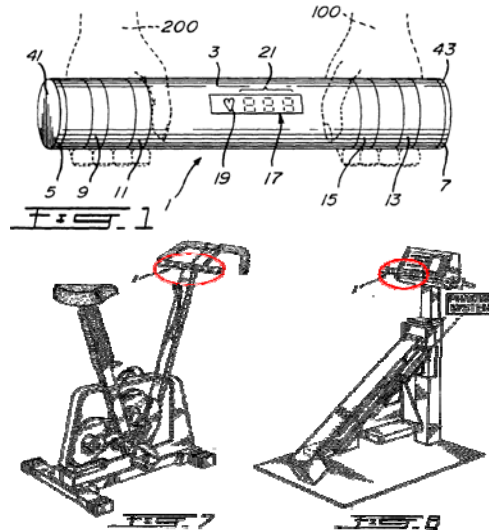
## First Sale Doctrine Does Not Apply To Later Generations of Patented Seeds—*Bowman v. Monsanto*

- Bowman bought seed from grain elevators that was “Roundup Ready”
  - Contained genes which would make plants grown from the seeds tolerant to the active component on the herbicide Roundup®
  - Begins growing Roundup-tolerant crops from the seed he bought which Monsanto claimed was an infringement
- Issue: Does exhaustion apply in patented seeds after authorized sale?
  - Apply to first sale?
  - Apply to subsequent generations of seeds (normal use?)
  - Do Monsanto’s contractual limitations-on-use also bind subsequent purchasers?

## First Sale Doctrine Does Not Apply To Later Generations of Patented Seeds—*Bowman v. Monsanto*

- HELD: Patent exhaustion does not permit a farmer to reproduce patented seeds through planting and harvesting without the patent holder’s permission
  - Patent exhaustion applies to initial authorized sale of the particular article sold
  - Bowman made additional copies by planting and harvesting patented seeds
  - Were this conduct not outside exhaustion, Monsanto’s patents would not provide it effective economic protection
- 9-0 opinion by Kagan, J.
- Economics outweighs common law rationales
- Case covered in detail in life sciences breakout

## Standard For Claim Indefiniteness Under Review—*Nautilus v. Biosig*



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## Standard For Claim Indefiniteness Under Review—*Nautilus v. Biosig*

1. A heart rate monitor for use by a user in association with exercise apparatus and/or exercise procedures, comprising;
  - an elongate member;
  - electronic circuitry . . . ;
  - said elongate member comprising a first half and a second half;
  - a first live electrode and a first common electrode mounted . . . in **spaced relationship** with each other;
  - a second live electrode and a second common electrode mounted . . . in **spaced relationship** with each other;

. . . .

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## CAFC Reverses D.Ct. Holding of Indefiniteness

- District court construes claim terms
  - “A defined relationship between the live electrode and the common electrode”
  - Warning of potential invalidity because breadth does not specify spacing
- Federal Circuit reverses applying existing indefiniteness law
  - (1) When claim is not amenable to construction; or
  - (2) When, even if it can be construed, “the construction remains insolubly ambiguous, meaning it fails to provide sufficient clarity [delineating the metes] and bounds of the claim to one of skill in the art”
- HELD: Amenable to construction and intrinsic evidence provides boundaries
  - Functional requirements of claim and specification
  - Skill in the art from inventor and other post-issuance declarations
  - Respect presumption of validity by allowing claims not plain on their face

## Supreme Court Review of *Nautilus v. Biosig*

- Questions presented
  - Does the Federal Circuit's acceptance of ambiguous patent claims with multiple reasonable interpretations - so long as the ambiguity is not "insoluble" by a court - defeat the statutory requirement of particular and distinct patent claiming?
  - Does the presumption of validity dilute the requirement of particular and distinct patent claiming?
- *Amicus* brief in support of *cert.* positions case to take on “problem of indefinite patents”
- Watch for participation from Pharma, universities
- Challenges in articulating test
  - Measure of permitted ambiguity and decision-making
  - Relationship to enablement, written description
- Review claims of cases in prosecution nearing issuance

## Section 101 Patent-eligibility of Computer-implemented Inventions—*Alice v. CLS Bank*

- Patentee Alice claims a computerized trading platform for conducting financial transactions using “shadow records”
  - Third party reconciles debits/credits in real-time currency trades
  - Mitigates “settlement risk,” viz., that only one party performs
- District court finds claims invalid under “Abstract Idea” exception following *Bilski v. Kappos*
- CAFC panel reverses holding claims patent-eligible (over dissent)
- *En banc* CAFC unable to reach agreement on standard for patent-eligibility for computer-implemented inventions
  - *Per curiam* affirmance of district court. Alice petitions for *cert.*
  - Five opinions, led by Lourie and Rader, and “additional views”

## *En Banc* Opinions: Divergence and Commonality

- Lourie: Does claim have “additional substantive limitations that narrow, confine, or otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself?”
  - All claims (method, system) patent-ineligible
  - Joined by Wallach, Reyna, Dyk, Prost
- Rader: “[W]hether a claim includes meaningful limitations restricting it to an application, rather than merely an abstract idea”
  - System claims eligible (with O’Malley, Moore, Linn)
  - Method claims ineligible (with Moore)
- Linn and O’Malley: All claims eligible
- General dissatisfaction with state of law and jurisprudence

## *Alice v. CLS Bank At the Supreme Court*

- Question Presented: Whether claims to computer-implemented inventions-including claims to systems and machines, processes, and items of manufacture-are directed to patent-eligible subject matter within the meaning of 35 U.S.C. § 101 as interpreted by this Court?
- Argument March 31, 2014
- Covered in more detail during breakout session

## *Alice v. CLS at the Supreme Court—Issues To Watch and Plan For*

- Industry and PTO views of right role for exception
- What role judge-made exceptions?
  - Economic impact
  - Climate for Congressional refinement unwelcoming?
- Application of § 101 (in)eligibility
  - Presumption of validity applies?
  - Clear and convincing evidence to invalidate?
  - Claim construction required?
  - Are preemption and “practical applications” questions of fact?
- Monitor your portfolio as law develops

## Liability for Inducing “Joint” Infringement—*Limelight v. Akamai*

- Generally, direct infringement requires a single actor
- Pre-*Akamai* exception – First entity directs or controls second entity to perform steps not performed by first entity
  - Arms-length transaction not sufficient
  - “Mastermind” behind infringement
- Lack of direct infringement also precludes inducement of infringement under *BMC Resources v. Paymentech*
- Multi-actor claims can provide non-infringement roadmap
- CAFC takes *en banc* the question: If separate entities each perform separate steps of a method claim, under what circumstances would that claim be directly infringed and to what extent would each of the parties be liable?

## *En banc Akamai* Court Finds Liability By Inducement

- Majority holds that case can be resolved through an application of the doctrine of induced infringement
  - Does not decide when and whether direct infringement can be found
  - “[W]e hold that all the steps of a claimed method must be performed in order to find induced infringement, but that it is not necessary to prove that all the steps were committed by a single entity”
    - Protect innocents from direct infringement (strict liability)
    - Inducement requires knowledge that induced acts constitute patent infringement and specific intent to encourage infringement
    - Distinguishes infringement from liability as an infringer
- Two dissents

### *Limelight v. Akamai*—Question Presented

- “Whether the Federal Circuit erred in holding that a defendant may be held liable for inducing patent infringement under 35 U.S.C. § 271(b) even though no one has committed direct infringement under § 271(a)”
- Solicitor General strongly supported grant of *cert.*
- Merits argument in April, 2014

### *Limelight v. Akamai*—Implications and Takeaways

- Neither rationale perfect
  - Direct infringement liability
    - Places predictable bounds on liability
    - Injustice of “technical” non-infringement
  - Indirect
    - Predicating liability on indirect infringement potentially limits damages via increasing *scienter* requirements
    - Fact-intensive inquiry leads to unpredictability and potential for abuse
    - More flexibly aligns liability with culpability
- Patent case the Supreme Court is well-positioned to decide!
- Patent practitioners will need to respond to maximize claim coverage

## Must Declaratory Judgment Licensee-plaintiff Prove Its Products Do Not Infringe—*Medtronic v. Boston Scientific*

- Medtronic licenses patents, with right to challenge validity, scope, enforceability via a D.J. action
- After coverage dispute arises, Medtronic challenges infringement and validity, paying license royalties in escrow
  - Parties dispute who has burden to prove infringement
  - District Court, placing burden on patentee, enters judgment of non-infringement when evidence of it not provided
- CAFC reverses
  - D.J. licensee plaintiff bears the burden of persuasion in “limited circumstance” of a license barring infringement counterclaim
  - Issue arises because of *Medimmune*
  - Medtronic is seeking relief; patentee is not claiming infringement



## Arguments At the Supreme Court—*Medtronic v. Boston Scientific*

- Petitioner Medtronic
  - Substantive law determines burden of proof
    - Patentee has burden of proving patent infringement
  - Burden does not shift through D.J. posture
    - Neither procedural character of D.J. nor *Medimmune* shifts it
- Respondent
  - License means there can be no counterclaim infringement
  - Default rule places burden on D.J. plaintiff and nothing shifts it
- *Amici*
  - DJ exists to decide merits of claim before risk of liability and burden should be the same as in the claim (U.S., scholars)
  - Burden should not discourage challenging patents (scholars)
  - Contract dispute without federal question jurisdiction (Tessera)



### *Medtronic—Implications and Takeaways*

- Appreciation of significant commercial implications of patent disputes
  - Apparently little attention given to suggestion there was not federal question
  - Oral argument focused on viability of mechanism
- Potential rejection of exceptionalism of CAFC
- Expressly address issue contractually in the future

### *Standard for Awarding Fees To Prevailing Accused Infringers—Highmark and Octane Fitness*

- Federal Circuit standard perceived by some as hindering district courts from creating disincentive for patent trolls by shifting fees
- Fee shifting attracting attention in Congress and elsewhere
- Two cases present related questions
- Both will be argued Feb 26, 2014

## Federal Circuit Exceptional Case Fee-shifting Jurisprudence In Early 2013

- Frivolous case
  - (1) Litigation is objectively baseless, and
    - Infringement allegations must be such that no reasonable litigant could reasonably expect success on the merits
    - Determination made as a matter of law under *Bard*
  - (2) Litigation is brought in subjective bad faith
    - Lack of objective bases “was either known or so obvious that it should have been known”
    - Presumption that an assertion of infringement of a duly granted patent is made in good faith
    - Must be established with clear and convincing evidence.
    - Factual findings as to subjective bad faith reviewed for clear error
- Litigation Misconduct
  - Fed. R. Civ. P. 11 violation or like infractions, e.g., frivolous arguments
  - Objectively unreasonable; reviewed without deference

## No Deference To District Court Fact-finding—*Highmark*

- District court finds exceptional case, awarding Highmark fees
  - Allcare had pursued frivolous infringement claims
    - Plausible infringement theory only under (strained) construction of claim covering a particular embodiment
  - Litigation misconduct
    - Asserted meritless *res judicata* and collateral estoppel theories,
    - Shifted claim construction positions
    - Misrepresentations in connection with a motion to transfer venue.
- CAFC affirms in part, reverses in part (Mayer, C.J. dissenting)
  - (Re)assesses claim construction as not objectively unreasonable
  - (Re)assesses reasonableness of litigation positions.
- Rehearing *en banc* denied with strong dissents

## Two part Exceptional Case Test—*Octane Fitness* (and *Kilopass* . . . )

- Octane Fitness unsuccessfully argues for CAFC to lower standard for exceptionality to “objectively unreasonable”
  - Won S.J. of non-infringement in D.Ct. but denied exceptional case finding
  - CAFC affirms in non-precedential opinion giving exceptional case argument little apparent consideration.
  - Octane sought to “Rebalance” “the power of large companies over smaller companies in patent infringement litigation”
- CAFC reverses course in *Kilopass* late in 2013
  - Subjective prong may *de facto* be shown by objective baselessness
  - Exceptionality likely does not require bad faith
  - Clear and convincing proof likely not required for exceptionality

## Standard for Awarding Fees To Prevailing Accused Infringers—*Highmark* and *Octane Fitness*

- *Cert.* granted issues
  - Does the Federal Circuit's . . . two-part test for determining whether a case is “exceptional” . . . improperly appropriate a district court's discretionary authority to award attorney fees to prevailing accused infringers . . . ? (*Octane Fitness*)
  - Whether a district court's exceptional-case finding under 35 U.S.C. § 285, based on its judgment that a suit is objectively baseless, is entitled to deference? (*Highmark*).
- *Kilopass* surfaces other issues

## *Highmark and Octane Fitness—Issues and Takeaways*

- Will accused infringers be better off with judicial correction or proposed statutory fixes?
- Deference is a wide-reaching issue for CAFC.
- Active participation of amicus potentially presenting strong call for reversal
- Likely alignment with other bodies of law, e.g., Lanham Act
- What impact would repudiation of CAFC have on its parallel doctrine of objective recklessness for willful infringement

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## Developments at the Federal Circuit and the International Trade Commission

Darryl Woo and Brian Kohm

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## Cases

- *Suprema, Inc. v. International Trade Commission*
  - Scope of ITC authority
- *Motiva, LLC v. International Trade Commission*
  - Domestic industry at the ITC
- *Fresenius USA, Inc. v. Baxter International, Inc.*
  - Impact of parallel re-examination proceeding
- *Robert Bosch, LLC v. Pylon Manufacturing Corp.*
  - Bifurcation of damages and willfulness
- *Commil USA LLC v. Cisco Systems, Inc.*
  - Induced infringement
- *Lighting Ballast Control LLC v. Phillips Electronics North Amer.*
  - De novo review of claim construction

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## *Suprema, Inc. v. International Trade Commission*

Court Curtails ITC's Authority Over  
Inducement of Infringement Claims

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## Alleged Infringement Occurred in the U.S.

- Complainant was domestic maker of fingerprint scanners
- Problem: patent directed to software
- Korean scanners imported with software development kit (“SDK”) only; mainly suite of APIs – no executables
- Actual software implementation done in U.S. by third party systems integrators (using SDK)
- Scanners are staple articles with non-infringing uses
  - 4 of 5 scanner/software combinations did not infringe
- Inducement claim remained

## Inducement as Basis for Section 337 Violation?

“We turn first to Suprema's appeal regarding the '344 patent and the threshold issue it raises—specifically, whether a § 337(a)(1)(B)(i) violation may be predicated on a claim of induced infringement where the attendant direct infringement of the claimed method does not occur until post-importation.”



## 19 U.S.C. § 1337 (in relevant part)

- (a) Unlawful activities; covered industries; definitions
  - (1) Subject to paragraph (2), the following are unlawful, and when found by the Commission to exist shall be dealt with, in addition to any other provision of law, as provided in this section:
    - (B) The importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of articles that—(i) infringe a valid and enforceable United States patent or a valid and enforceable United States copyright registered under title 17;

## Federal Circuit's Decision

- Scanners did not infringe when imported
- Could only infringe after combined with software
- Combination occurred only after imported to U.S.
- ITC lacked authority under Section 337 for pure inducement claim – exclusion order vacated
- Not a jurisdictional issue; ITC may still investigate – lacks authority to bar importation based on inducement

## Inducement, Alone, Cannot Violate Section 337

- “[T]he Commission's authority extends to "articles that . . . infringe a valid and enforceable United States patent." The focus is on the infringing nature of the articles at the time of importation, not on the intent of the parties with respect to the imported goods.”
- “We conclude that § 337(a)(1)(B)(i), by tying the Commission's authority to the importation, sale for importation, or sale within the U.S. after importation of articles that infringe a valid and enforceable U.S. patent, leaves the Commission powerless to remedy acts of induced infringement in these circumstances.”

## Impact and Takeaways

- Section 337 violations cannot be predicated on inducement alone
- Complainants must be careful to avoid pure inducement claims – pre-importation focus
  - Contributory infringement?
- General purpose device makers (e.g. tablets, smartphones) – combination with apps only after importation may allow a defense by motion

## *Motiva, LLC v. International Trade Commission*

Domestic Industry

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### Domestic Industry Requirement

- “[A]n industry in the United States shall be considered to exist if there is in the United States, with respect to the articles protected by the patent, copyright, trademark, mask work, or design concerned — (A) significant investment in plant and equipment; (B) significant employment of labor or capital; or (C) substantial investment in its exploitation, including engineering, research and development, or licensing.”
- 19 U.S.C. § 1337(a)(3)

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## Domestic Industry Case

- Suit aimed at Nintendo Wii video gaming system
- Patents directed to Human Movement Measuring System
- Motiva once an operating company
- Research and development stopped in 2007 before a product was “close to being produced”
- Never licensed patents
- No interested partners or adopters of technology

## Motiva’s Domestic Industry Argument

- Litigation efforts satisfied domestic industry requirement because:
  - The “litigation against Nintendo was ‘a necessary step to preserve and hasten [its] licensing opportunities, which would otherwise remain completely curtailed by the Wii’s infringing presence on the market.’”
  - “[O]nce Nintendo was forced to license its patents or leave the market for video-game-based motion tracking systems, potential partners would be willing to invest in and license Motiva’s patented technology.”

## Domestic Industry

- Litigation can satisfy domestic industry requirement, but “trade” is the key
- Must be directed to licensing that encourages adoption and development of articles that incorporate the patented technology
- Not satisfied – litigation aimed at financial gains and preventing, rather than encouraging manufacture of articles incorporating the patented technology

## No Domestic Industry Found

- Not same market – high end exercise/training tool vs. video gaming
- No investors since 2004, operations halted in 2007
- No product or any product even close to development
- No interest in patented technology until Wii released
- Even then, delayed more than 3 years before bringing suit; did not seek preliminary injunction

## Impact and Takeaways

- If complainant, make sure domestic industry is satisfied before filing complaint
- ITC has implemented pilot program for early determination of domestic industry

## *Fresenius USA, Inc. v. Baxter International, Inc.*

Impact of parallel  
reexamination proceeding



## Case History

- 2003 – Fresenius files declaratory judgment action
- 2005 – Fresenius initiates reexamination
- Feb. 2007 – District court grants JMOL finding claims valid
- Dec. 2007 – PTO issues final determination of invalidity
- 2009 – Federal Circuit affirms JMOL but remands to district court to reconsider injunction and royalties rulings
- 2010 – PTAB affirms reexamination invalidity determination
- Mar. 2012 – District court enters final judgment on remand
- May 2012 – Federal Circuit affirms PTAB’s invalidity determination

## Is the Reexamination Binding on the Litigation?

- Baxter (plaintiff) argued that district court’s validity ruling was final and could not be revisited
  - Federal Circuit had affirmed ruling
  - Res judicata forbid revisiting validity
  - Unconstitutional to allow administrative determination to overrule district court judgment

## Cancellation of Claims is Fatal at any Stage

- Federal Circuit stressed that reexamination statute contemplated parallel court and PTO proceedings
- Agreed with Baxter that final judgment of validity cannot be reopened upon later PTO determination otherwise
- BUT disagreed that district court's validity ruling was final
  - "To rise to that level, the litigation must be entirely concluded so that the cause of action against the infringer was merged into a final judgment... one that ends the litigation on the merits and leaves nothing for the court to do but execute the judgment."
- Constitutional challenge also rejected because Congress had assigned duty to issue/review patents to PTO

## Impact and Takeaways

- Post-issuance review can be fatal to district court proceedings until the case has concluded
- Patent holders may want to consider waiving an appeal of a partial victory

## *Robert Bosch, LLC v. Pylon Manufacturing Corp.*

Bifurcation of liability and damages

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### Trial Court Bifurcates Liability and Damages

- Judge Robinson (D. Del.) bifurcated liability – both discovery and trial – and damages, including willfulness
- Trial held on liability, and the parties appeal
- Discovery and trial on damages and willfulness (including determination of willful infringement) stayed until resolution of appeal
- “bifurcation is appropriate, if not necessary, in all but exceptional patent cases”

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## Federal Circuit's Jurisdiction

- Final judgment rule governs Federal Circuit's jurisdiction
  - A judgment is final if the decision “ends the litigation on the merits and leaves nothing for the court to do but execute the judgment”
- Exceptions include:
  - Rule 54(b) judgment – district court certifies that no just reason for delay exists to appeal partial judgment
  - Section 1292(c)(2) – an appeal is allowed “from a judgment in a civil action for patent infringement which would otherwise be appealable to the United States Court of Appeals for the Federal Circuit and is final except for an accounting”

## Accounting Includes Damages and Willfulness

- Sitting en banc, the Federal Circuit held that it maintains jurisdiction to hear appeal as to liability when damages and willfulness have been bifurcated
- Legislative history and case law make clear that accounting includes more than simply applying accountancy principles in calculating profits
- Accounting includes determination of all patent damages
- Both the determination of willfulness and what multiplier should apply properly deemed an accounting

## Impact and Takeaways

- Federal Circuit's decision may encourage additional district courts to bifurcate damages
- Bifurcated cases tend to take much more time to reach final judgment
  - Leaves more time for parallel PTO proceeding to invalidate patents

## *Commil USA LLC v. Cisco Systems, Inc.*

Induced Infringement

## Background

- Patent is directed to method of handing off mobile devices from one base station to another
- A base station performs some steps; a switch allegedly performs the remaining steps
- Jury instruction: Cisco is liable for induced infringement if it “knew or should have known that its actions would induce direct infringement”
- The trial court precluded Cisco from presenting evidence of its good-faith belief that the patent was invalid

## Accused Infringer's Belief re Validity is Relevant

- Federal Circuit first acknowledge that a good-faith belief of non-infringement is relevant to inducement analysis
- Same holds true for good-faith belief of invalidity
  - “We now hold that evidence of an accused inducer's good-faith belief of invalidity may negate the requisite intent for induced infringement”
  - Such evidence does not preclude a finding of inducement
  - But such evidence should be considered by the fact finder
- Petition for rehearing en banc denied



## Impact and Takeaways

- Inducement analysis becoming increasingly complex and more subjective in nature
- Can now introduce invalidity testimony through lay witness at trial

## *Lighting Ballast Control v. Philips Electronics North Amer.*

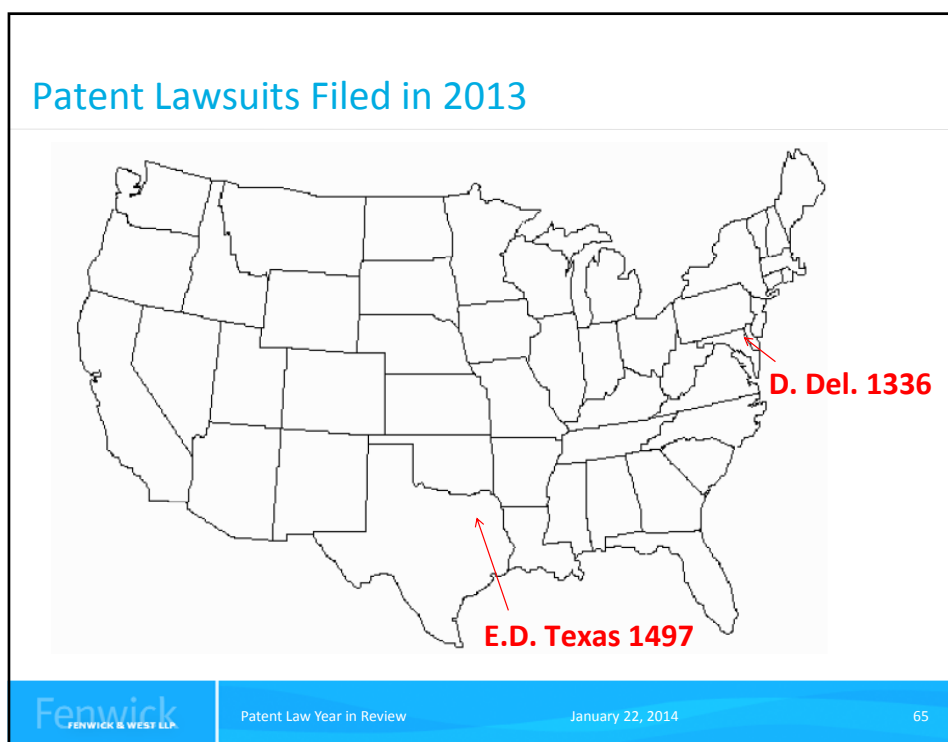
De novo review of claim construction

## Background

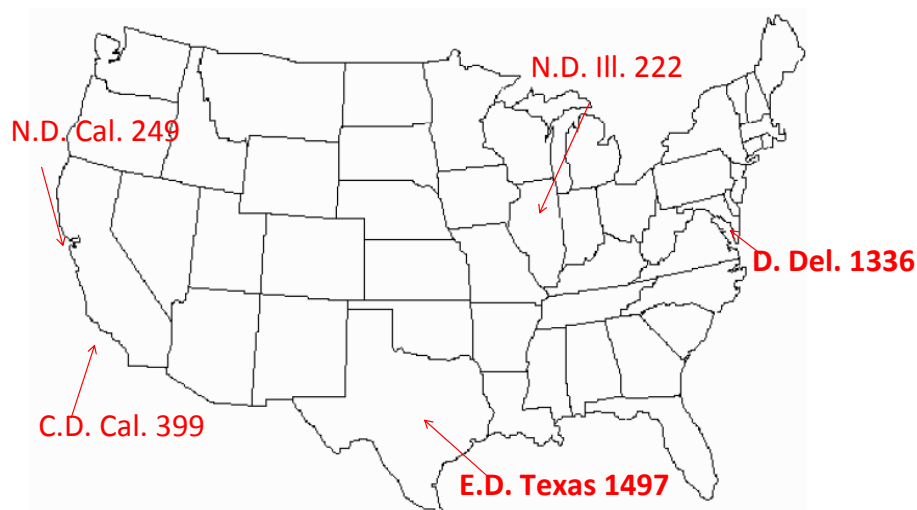
- Patent is directed to control and protection circuits for electronic lighting ballasts commonly used in fluorescent lighting
- Trial court originally construed “source voltage means” to be a means-plus-function limitation and held patent indefinite because it contain no corresponding structure
- On motion for reconsideration, trial court changed its position
  - Based on expert testimony, trial court determined term had ordinary meaning in art and referred to a known class of structures
  - Indefiniteness determination rescinded

## Federal Circuit Reverses Trial Court

- Reviewing the claim construction opinion de novo, the Federal Circuit reversed the trial court
  - “Lighting Ballast's expert testimony suggests that some structure for performing the recited function is implied, but it does not cure the absence of structural language in the claim itself. Nor does the testimony establish that the term “voltage source” was used synonymously with a defined class of structures at the time the invention was made, unlike the testimony in Rembrandt”
- Patent deemed invalid as indefinite due to lack of corresponding structure in the specification
- Petition for rehearing en banc granted
  - Revisiting en banc ruling in Cybor Corp. that claim construction is reviewed de novo



## Patent Lawsuits Filed in 2013



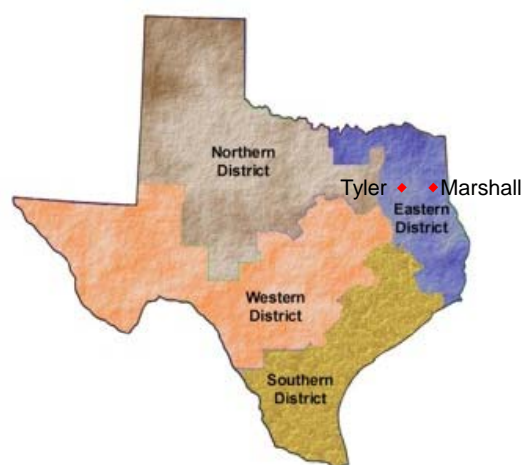
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## Eastern District of Texas



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Abandon all hope...?



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Patent Law Year in Review

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## Maybe Not so Much?

- 15 patent trials in 2013
- 4 wins for patent owner
- (10% damages for 2 of 4)
- 11 wins for accused infringer

## Maybe Not so Much?

- 15 patent trials in 2013
- 4 wins for patent owner
- (10% damages for 2 of 4)
- 11 wins for accused infringer
- 2-5 in Tyler
- 2-10 in Marshall

## Lonely Summary Judgment Orders

### MEMORANDUM OPINION AND ORDER

Before the Court is Defendant Extek Energy Equipment (ZHEJIANG) Co. Ltd.'s ("Extek") Motion for Summary Judgment, filed November 9, 2012 (Dkt. No. 81). Extek moves for summary judgment of non-infringement of United States Patents Nos. 5,409,057 ("the '057 Patent") and 5,551,504 ("the '504 Patent"). The Court having considered the same finds that summary judgment of non-infringement should be **GRANTED** for the reasons set forth below.

## Rocket Docket Redux?

- Marshall December status conference
  - Markman hearings set for 5-7 months from status conference
    - Previously 10-11 months
  - Trials set for 12-15 months from status conference
  - Fast schedules selectively assigned to plaintiffs/counsel who are unlikely to go to trial?
- Tyler schedules much longer
  - As much as 30 months to trial
  - Fewer cases being filed in Tyler

## Model Order re Asserted Claims and Prior Art

GENERAL ORDER NO. 13-20

### IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS

#### GENERAL ORDER ADOPTING MODEL ORDER FOCUSING PATENT CLAIMS AND PRIOR ART TO REDUCE COSTS

The attached Model Order Focusing Patent Claims and Prior Art to Reduce Costs is ADOPTED effective immediately. A redline/strikeout version of the Federal Circuit's model order and the Local Rules Committee's commentary regarding the Eastern District's model order have been included to provide background information.

## Model Order re Asserted Claims and Prior Art

- Liberally modified from Federal Circuit Model Order
- Not mandatory and may be adopted flexibly
- Two trigger events for reductions
  - Close of claim construction discovery (and 14 days after it)
  - Deadline for opening expert reports (and 28 days before it)
- Parties can agree to modify limits
  - Good cause required if parties don't agree on numbers



## Preliminary Elections

- Close of claim construction discovery
  - Patent claimant serves Preliminary Election of Asserted Claims
  - $\leq 10$  claims per patent (15 claims if only 1 patent asserted)
  - $\leq 32$  total claims
- 14 days after service of Preliminary Election of Asserted Claims
  - Patent defendant serves Preliminary Election of Asserted Prior Art
  - $\leq 12$  references per patent (18 references if only one patent asserted)
  - $\leq 40$  total references

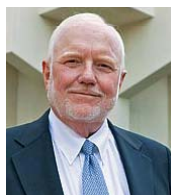
## Final Elections

- 28 days before opening expert report deadline
  - Patent claimant serves Final Election of Asserted Claims
  - $\leq 5$  claims per patent (8 claims if only 1 patent asserted)
  - $\leq 16$  total claims
- On opening expert report deadline
  - Patent defendant serves Final Election of Asserted Prior Art
  - $\leq 6$  references per patent (9 references if only 1 patent asserted)
  - $\leq 20$  total references
  - Each obviousness combination counts as a separate reference

## Primary Patent-Case Judges – 2011



Ward



Davis



Folsom



Everingham



Love

## Primary Patent-Case Judges – 2013



Glistrap



Davis



Schneider



Payne



Mitchell



Love

## One More Development...

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## One More Development...



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## District of Delaware



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## District Judges



Sleet



Robinson



Andrews



Stark

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## Why So Popular?

- Personal jurisdiction usually exists
- Judges reluctant to grant summary judgment
- Judges not interested in early motion practice
- No formal patent rules (some contention exchanges as part of eDiscovery process)
- Reasonable chance to avoid transfer
- Magistrates mediate for free

## Stays Pending Inter Partes Review

- More likely granted than stays pending reexamination
- Statutory limit on time for stay
- Reducing number of pending cases
- Some judges (Stark) deny initially, then grant when IPR petition granted

## Trial of Multi-Defendant AIA “Cases”

- Likely to start happening in 2014
- Common invalidity trial?
- Overbooked trial dates?
- Who goes first?

## “Patent Study Group”

- Judges Robinson and Stark (former Judge Farnan?)
- Seeking input from Delaware and national counsel
- Issues explored
  - Earlier claim construction
  - More meaningful contention requirements
  - Lock in contentions sooner?
  - Limit asserted claims and prior art references? If so, when?



## Current Status

- House passed Innovation Act on Dec. 5, 2013
- Several bills are pending in the Senate, and Senate held hearing on Dec. 17, 2013
- Most proposals are directed at patent litigation reform
- One proposal would also expand the Covered Business Methods program for post-grant review

## Patent Litigation Reform: The Complaint

- This reform effort follows the patent taken with securities litigation reform, by making it harder to plead patent infringement in the first instance
- Current Federal Circuit case law permits pleading just basic information about the patent and a conclusory allegation of infringement
- The Federal Judicial Center has proposed changing the rule
- The effect of the Federal Judicial Center change would be to permit case law to develop on what constitutes adequate pleading of patent infringement, but the FJC would not be setting that standard

## Patent Litigation Reform: The Complaint

- The Innovation Act would require pleading which patent claims are infringed, under what theory of infringement, by what products, and require pleading “with detailed specificity of how the terms in each asserted claim... correspond to the functionality of the accused instrumentality.”
- S. 1013, the Patent Abuse Reduction Act of 2013, introduced on May 22, 2013, contains the same provision
- Practical effect: if adopted, would require “proof” at the pleading stage of the kind of prefiling investigation that Federal Circuit case law in theory requires
- Practical effect: if enforced, would reduce fishing expeditions



## Patent Reform: Party Transparency

- The problem: it is possible to litigate against an NPE and not get discovery on who is actually behind the entity and controlling the action
  - Ex: a Delaware corporation that is the subsidiary of a Cayman Islands corporation with shareholders hidden behind a trust or other entities
- In other corporate litigation, you do not routinely ask for discovery on who the shareholders are, and so courts have permitted some entities to hide behind complex corporate structures

## Patent Litigation Reform: Party Transparency

- The Innovation Act requires identifying in the Complaint who has an ownership interest in the patent or is a licensee of it, and who “has a legal or financial right to enforce a patent....”
- S. 1720, the Patent Transparency and Improvements Act, introduced on Nov. 18, 2013 requires an “initial disclosure,” which would come later in the litigation of all persons with a “financial interest (of any kind)” in the proceeding or “any other kind of interest that could be substantially affected by the outcome of the proceeding.”
- S. 1013, the Patent Abuse Reduction Act, contains a more rigorous pleading requirement than the Innovation Act, including “the identity of any person with a direct financial interest in the outcome of the action....”

## Patent Litigation Reform: Security for Fees and Costs

- The post-child for reform: *Kelora Systems LLC*
  - Held a patent for parametric search
  - Sued a Who's Who of ecommerce providers
  - Discovery revealed an on sale bar
  - Judge Wilken entered summary judgment for the defendants
  - The Federal Circuit affirmed in part on some of the claims and sent part back for further review
  - Judge Wilken addressed the issues identified by the Federal Circuit and held the rest of the patent claims invalid
  - The Defendants filed their Bills of Costs
  - Kelora filed for bankruptcy

## Patent Litigation Reform: Security for Fees and Costs

- There are a variety of proposals intended to ensure that when a patent plaintiff oversteps and fees and costs are assessed against it, they are actually recoverable:
  - Proposals permitting joinder of a real party in interest
  - A proposal requiring bonding by a patent plaintiff if it would not otherwise have the wherewithal to satisfy an award of fees and costs (S. 1612, the Patent Integrity Act)

## Patent Litigation Reform: Security for Fees and Costs

- These proposals have been controversial because they would permit:
  - joinder of a university or research institution who licensed the patent, or
  - joinder of a company that developed the technology but licensed it to another
  - joinder of a corporate parent if it has a licensee
- The bonding proposal has also been controversial because they would deter infringement actions by small businesses, who might otherwise be enforcing their IP against competitors

## Patent Litigation Reform: Shifting Discovery Costs

- There is a proposal to deter overbroad discovery:
  - S. 1013, the Patent Abuse Reduction Act, would shift the costs , including “reasonable attorneys’ fees” associated with producing anything other than core documentary evidence to the party requesting that discovery
  - This would in theory shift the cost of Texas-style discovery to the patent plaintiff

## Patent Litigation Reform: Shifting Attorneys' Fees

- The current rule is that each party pays its own attorneys' fees and costs, unless the Court decides the case is "exceptional"
- A case may be exceptional under current Federal Circuit case law if its prosecution or defense was "objectively baseless" and with bad intent
- A case may also be exceptional under current Federal Circuit case law if a party engaged in "litigation misconduct," such as discovery abuses
- These awards are relatively rare
- Chief Judge Rader has encouraged district court judges to apply this rule where appropriate

## Patent Litigation Reform: Shifting Attorneys' Fees

- The Innovation Act would shift fees to the losing party, either plaintiff or defendant, unless its positions were "objectively reasonable and substantially justified"
- The Patent Abuse Reduction Act contains the same provision

## Patent Litigation Reform: Customer Suit Stay

- There are proposals to address the common tactic of suing the end user of technology rather than its supplier, by giving the Courts clearer direction than is provided by current Federal Circuit case law to stay such a customer suit
- Current Federal Circuit case law permits a stay, but the stay is within the courts' discretion and some courts do not feel comfortable depriving a plaintiff of its choice of defendant and forum

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## Rule Changes to Implement Patent Law Treaties

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Robin Reasoner

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## Patent Law Treaties Implementation Act of 2012

- Signed 18 Dec 2012; effective 1 year later
- Implements *Patent Law Treaty* (“The PLT”)
- Implements *Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs* (“The Hague Agreement”)

## Utility Applications: Regulations Implementing the PLT

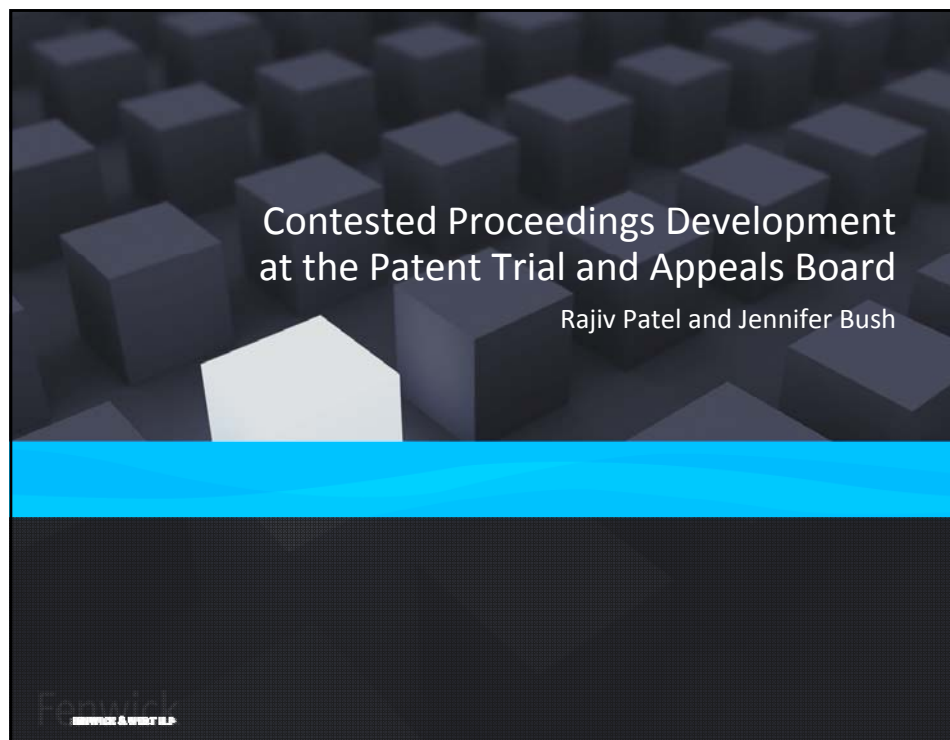
- Amends Title 35 of the U.S. Code
- Effective 18 Dec 2013
- Relaxes filing formalities:
  - non-provisional applications need not contain a claim, fee, or oath to obtain a filing date
  - ...but failure to submit these later will result in abandonment.
  - applications may be filed by reference – intended as a safety net, not a best practice
- Relaxes some USPTO response deadlines

## Utility Applications: Regulations Implementing the PLT (cont...)

- Provides relief from missed deadlines:
  - Can extend 12-month period for filing a non-provisional application that claims the benefit of a foreign-filed application by 2 months if delay was unintentional.
  - Can extend 12-month period for filing a non-provisional or PCT application that claims the benefit of a provisional application by 2 months if delay was unintentional.
  - Can revive applications abandoned due to delayed responses if unintentional.
  - Can revive patents abandoned due to delayed payment of maintenance fees if unintentional.

## Design Applications: Regulations Implementing The Hague Agreement

- New Chapter 38 of Title 35 of the US Code.
- Effective 18 Dec 2013:
  - Applicants can file a single international design application, instead of separate applications in multiple countries
  - Applicants can claim priority to an international design application
  - Expands availability of provisional rights to international design applications
  - Extends term of new U.S. design patents to 15 years from date of issuance



## Contested Proceedings

- Introduction – the Stats
- Pre-Trial Observations
- Trial Observations
- Stays



## Introduction – The Stats

Select Contested Proceedings Statistics  
from the Patent Trial and Appeals Board

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## Introduction – the Stats

NUMBER OF AIA PETITIONS

FY	Total	IPR	CBM	DER
2012	25	17	8	
2013	563	514	48	1
2014	351	296	52	3
Cumulative	939	827	108	4

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## Introduction – the Stats

### AIA PETITION TECHNOLOGY BREAKDOWN

Technology	Number of Petitions	Percentage
Electrical/Computer	663	70.6%
Mechanical	148	15.8%
Chemical	71	7.6%
Bio/Pharma	51	5.4%
Design	6	0.6%

## Introduction – the Stats

### NUMBER OF PATENT OWNER PRELIMINARY RESPONSES

FY	IPR		CBM	
	Filed	Waived	Filed	Waived
2013	237	63	33	2
2014	163	74	29	1

## Introduction – the Stats

### AIA TRIALS INSTITUTED/DISPOSALS

		Trials Instituted	Joinders	Denials	Total No. of Decisions on Institution	Disposals		
						Settlements	Final Written Decisions*	Other**
IPR	FY13	167	10 <sup>+</sup>	26	203	38	2	1
	FY14	110		34	144	32	10	
CBM	FY13	14		3	17	3	1	
	FY14	14		2	16	5		

## Pre-Trial Observations

Considerations before filing of a  
Contested Proceeding Petition

## Timing

- One-year period is calculated from the service of the *first* complaint for patent infringement.
  - *Accord Healthcare v. Eli Lilly & Co.* (IPR2013-00356).
- Dismissal *with* prejudice doesn't change the result.
  - *Universal Remote Control v. Universal Electronics* (IPR2013-00168) & *St. Jude Med. v. Volcano Corp.* (IPR2013-0025).
- Dismissal without prejudice leaves "parties as though the action had never been brought."
- *Macauto U.S.A. v. BOS GmbH & KG* (IPR2012-00004 ).



## Patent Owner Responses (Initiation of Trial)

- Expert testimony in Petition >> PO Preliminary Response
  - *Texas Instr., Inc. v. Unifi Scientific Batteries, LLC* (IPR2013-00213) & *Samsung Elec. Co., Ltd. v. Unifi Scientific Batteries, LLC* (IPR2013-00236).
  - Board indicated that Patent Owner had not pointed to sufficient and credible evidence; Patent Owner unable to overcome obviousness arguments heavily supported by expert testimony.
- High percentage of IPR Petitions granted (%)
- Low number of PO PRs successful (%)



## Claim Construction

- Petition did not explain how the key element was to be construed, merely cited portion of art alleged as showing it. The PTAB found that the Petition did not clearly explain the reasoning behind its assertions.
  - *Synopsis vs. Mentor* (IPR2012-00041)
- Board construed a key term different from both Petitioner (petition) and the patent owner (response).
  - *Garmin International Inc. v. Cuozzo Speed Technologies LLC*, (IPR2012-00001)

## Claim Construction

- Currently: Claims in an IPR proceeding are construed using the broadest reasonable interpretation standard in which claims are given their ordinary meaning in light of the specification, rather than the narrower standard used in litigation, e.g. *Philips v. AWH* (Fed. Cir. 2005)(en banc.).
- Future: Change coming?
- The Innovation Act of 2013 (H.R. 3309), which was passed by the House of Representatives on Dec. 5, would require the *Philips* standard to be used in IPRs.

## Redundant Grounds

- Denials based on duplicative or cumulative grounds are common.
- Very few reversals. (%)
  - *Illumina, Inc. vs. Columbia Univ.* (IPR2012-00006)
- Each reference has to be better in some respect or else the references are collectively/horizontally redundant.
- Combination of refs/lesser combination. Must show why each combination is the stronger assertion in each instance (bi-directional), or the assertions are/vertically redundant.
  - *Liberty Mutual Ins. Co. v. Progressive Casualty Ins. Co.* (CBM2012-00003)



## Trial Observations

Initial Observations from Contested  
Proceeding Trials

## Initiation / Termination Decisions

- Requests for Rehearing
- Low success rate (10%)
  - Cumulative grounds typically denied
  - Narrow/one-off successful cases
- First success: Narrow example of denial under 102, reversed for clear incorporation by reference of the “missing” element.
- Request for rehearing based on multiple ground, only one successful.
  - CBS Interactive Inc. et al. v. Helferich Patent Licensing, LLC (IPR2013-00033)



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- Future: Change coming?
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## Motion Practice: Conferring with Board

- IPR2012-00005 (JYC) [27] Nichia (Petitioner) v. Emcore (Patent Owner); IPR2012-00027 (JL) [26] Idle Free (Petitioner) v. Bergstrom (Patent Owner)
- Conduct of proceeding: 37 C.F.R. § 42.5
- Patent owner has burden of proof to establish entitlement of relief with respect to proposing substitute claims
- Confer with Board
  - Motion may be dismissed if not done
  - Board focus is on expediency and efficiency – confer with Board before filing motions



## Motion Practice – Proposed Substitute Claims

- IPR2012-00005 (JYC) [27] Nichia (Petitioner) v. Emcore (Patent Owner); IPR2012-00027 (JL) [26] Idle Free (Petitioner) v. Bergstrom (Patent Owner)
- 35 USC 316(d) and 37 CFR 42.121 provides that motion to amend may cancel a challenged claim or propose a reasonable number of substitute claims
- Confer with Board before filing proposed substitute claims so that Board can advise on issues such as unreasonable number of substitute claims or amendments that do not respond to grounds of patentability
  - Full claim set not needed

## Motion Practice – Proposed Substitute Claims

- “Reasonable number of substitute claims”
  - Presumption is that only one substitute claim would be needed to replace each challenged claim, but that it may be rebutted based on demonstrated need
  - “[I]n the absence of special circumstances a challenged claim can be replace by only claim”
  - Determination is made on claim by claim basis as per statute
- Claim proposed to be replaced
  - Must specifically identify challenged claim which is intended to be replaced
  - Proposed substitute claim should be traceable to the original challenged claim

## Motion Practice – Proposed Substitute Claims

- Proposed claim to be replaced
  - Proposed substitute claim must respond to a ground of unpatentability involved in trial; proposed substitute claim is not responsive if it does not either include or narrow each feature of the challenged claim in any respect
  - Proposed substitute claim must only narrow the scope of the challenged claim it replaces and may not enlarge scope of the challenged claim it replaced by eliminating any feature
- Desire to obtain a new set of claims having a hierarchy of different scope typically would not constitute a sufficient special circumstance

## Motion Practice – Proposed Substitute Claims

- Specifics - for each proposed substitute claim (3 things):
- (1) Make showing burden is on patent owner to show patentable distinction:
  - Identify feature or features added to proposed substitute claim and compare to challenged claim to be replaced
  - Provide technical facts and reasoning, including claim construction, as to how proposed substitute claim is patentable over prior art of record as well as not of record, but known to patent owner
  - Cannot be conclusory about no prior art known; must make some representation of closest prior art
  - Can use declaration testimony of technical expert about significance or usefulness of feature(s) added by proposed substitute claims of patentable distinction over the prior art

## Motion Practice – Proposed Substitute Claims

- (2) In certain circumstances, make showing of patentable distinction over all other proposed substitute claims for the same challenged claim
  - In cases where more than one proposed substitute claim is at issue
  - Must show patentable distinction of the additional substitute claim over all other substitute claims for the same challenged claim

## Motion Practice – Proposed Substitute Claims

- (3) In certain circumstances, make showing of patentable distinction over a substitute claim for another challenged claim
  - In cases where perhaps an independent and dependency is proposed for substitution against an original independent and dependency, the dependency may be argued as patentable if the independent is patentable
  - If dependency adds additional features than prior dependency, must provide reasoning of patentability of added features
  - Adding features to claims with no meaningful reason is considered inconsistent with proposing a reasonable number of substitute claims, and also is not considered responsive to alleged ground of unpatentability

## Motion Practice – Proposed Substitute Claims

- IPR2012-00005 (JYC) [27] Nichia (Petitioner) v. Emcore (Patent Owner); IPR2013-00027 (JL) [26] Idle Free (Petitioner) v. Bergstrom (Patent Owner); IPR2012-00042 Synopsys (Petitioner) v. Mentor (Patent Owner); IPR2013-00099 Oracle (Petitioner) v. Clouding IP (Patent Owner)
- Written Description Support
  - Proposed substitute claims must clearly identify written description support for the proposed substitute claims

## Motion Practice – Proposed Substitute Claims

- Written Description Support – Citations
  - Support must be shown from the original disclosure of the patent for each proposed substitute claim
  - Citations to issued patent or provisional application may be considered insufficient
    - Focus is possession of the claimed subject matter as of the filing date
    - Potential to cite to issued patent is Patent Owner confers to change to original disclosure when the patent issued
    - Can cite to provisional application for benefit claim purposes under 35 USC 119(e), but not written description
  - Must provide sufficient explanation for written description support
    - Account for level of ordinary skill in the art and the basic skill set possessed by one with ordinary skill in the art

## Additional Discovery

- IPR-2012-00001 Garmin (Petitioner) v. Cuozzo (Patent Owner)
- Order Authorizing Motion for Additional Discovery
- AIA provides for discovery for deposition of witnesses submitting affidavits or declarations and for “what is otherwise necessary in interest of justice”
- “This is significantly different from the scope of discovery generally available under the Federal Rules of Civil Procedure.”
- Board will be conservative in granting additional discovery

## Additional Discovery

- Factors for “necessary in the interest of justice”:
  - (1) More than a possibility and mere allegation. Party requesting discovery should already be in possession of evidence tending to show beyond speculation that in fact something useful will be uncovered
  - (2) Litigation positions and underlying bias. Asking other side’s litigation positions and underlying basis of those positions is not in the interest of justice
  - (3) Ability to generate equivalent information by other means. If a party can reasonably figure out or assemble without a discovery request then it is on in the interest of justice to have the other side produce
  - >>>

## Additional Discovery

- Factors for “necessary in the interest of justice”:
  - (4) Easily understandable instructions. Questions, e.g., interrogatories, should be easily understandable; e.g., “ten pages of complex instructions for answering questions is prima facie unclear”
  - (5) Request not overly burdensome to answer; e.g., financial, human resources, and meeting time of IPR burdens
- Motion for additional discovery is not place to argue about and resolve disputes in claim construction
  - only indicate what the claim construction is and how additional discovery is necessary in view of that construction
  - Opposition - no argument on claim construction either; just indicate claim construction position and additional discovery is not necessary

## Motions to Stay at District Court

- Factors for determining stays
  - Stage and history of the litigation
  - Whether the stay would simply issues in question and trial of the case
  - Whether the stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party
    - Timing of the IPR request and the request for stay
    - Status of USPTO proceedings
    - Relationship of the parties

## Stays in N.D. Cal.

- Stay Granted: PI-Net v. Focus Business Bank; Evolutionary Intelligence v. Yelp; PersonalWeb Technologies v. Facebook, Inc.
  - Cases in early stages
  - Simplifies issues
    - IPR provides promise that certain challenged claims will be struck down or amended if USPTO grants decision for IPR Trial
    - Higher standard than reexam in that more likely than not that petitioner will succeed on at least one claim
    - Estoppel effect
    - Very few IPRs not granted to date

## Stays in N.D. Cal.

- Stay Granted: PI-Net v. Focus Business Bank; Evolutionary Intelligence v. Yelp; PersonalWeb Technologies v. Facebook, Inc.
  - No prejudice
    - Early stages of case and limited investment in case
    - Availability of damages as remedy
- One case in which stay not granted noted that if trial not granted, current delay is not too great (avg. 63 days from when patent owner response is due); if no trial initiated, stay can be lifted

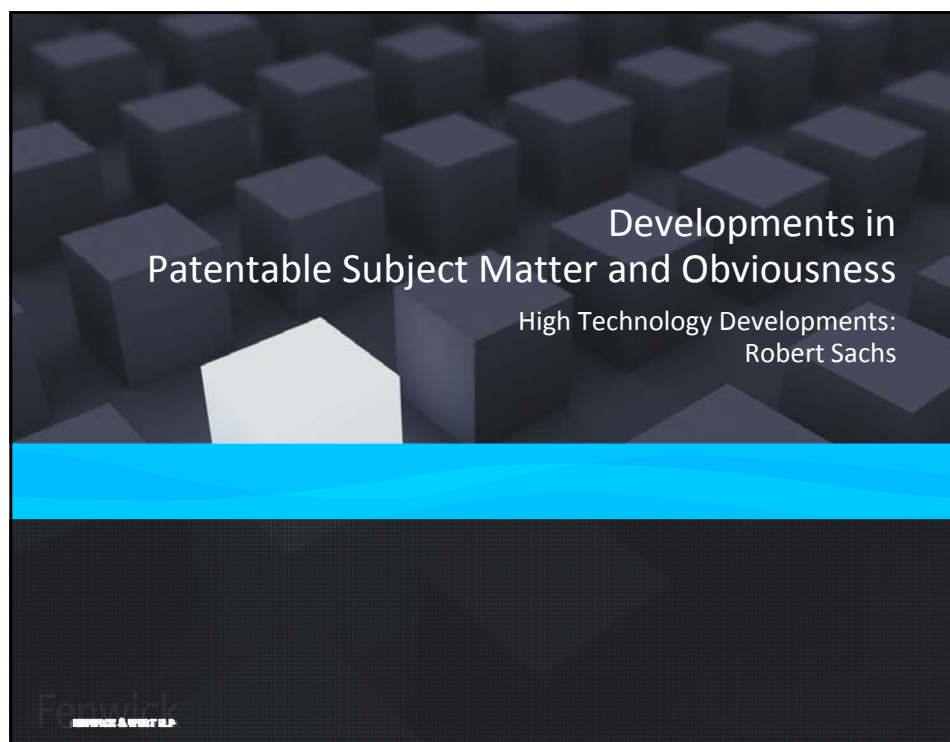
## Stays in N.D. Cal.

- Stays not granted: Verinata Health v. Ariosa Diagnostics; TPK Touch Solutions v. Wintek Electro-Optics
  - Stage: cases well under way, e.g., claim construction completed, infringement and invalidity contentions exchanged, and document production begun.
  - Issues may not be simplified
    - Although IPR may address validity issues, the actual final decision may be years away after final PTAB decision due to appeals
    - Unclear of whether claims against which IPR is institute will ultimately be same as those that remain in litigation
  - Potential prejudice
    - Direct competitors
    - Limited completion in marketplace

## Takeaways

- This is not litigation.
- Board values expediency, speed, and directness of proceedings





## It's been a busy year:

### Section 101

- SCT: A.M.P. v. Myriad
- Team Rader v. Team Lorie
  - CLS v. Alice
  - Ultramercial v. Hulu
  - Accenture v. Guidewire
- Covered Business Methods
  - SAP v. Versata
  - Apple v. SightSound

### Section 103

- Design Patents
  - High Point Design v. Buyer's Direct
- Secondary Considerations
  - Leo Pharma v. Rea
  - Apple v. ITC, Rambus v. Rea
  - Plantronics v. Aliph

## AMP v. Myriad, 569 U. S. \_\_\_\_ (2013)

- Judicial rivalry:
  - Federal Circuit, 2011: Sequenced DNA patentable
  - Supreme Court, 2011: See, *Prometheus*. Try again
  - Federal Circuit, 2012: Ok, but still patentable
  - Supreme Court, 2012: You're only half-wrong...
- Isolated genomic DNA: Not patent eligible
- Isolated complementary DNA: Patent eligible
- Rationales are contradictory
  - Location of BRCA genes is law of nature, "isolating" the location is not "inventive"
  - cDNA is eligible: "the lab technician unquestionably creates something new when cDNA is made"

## CLS Bank v. Alice Corp., Fed. Cir. 2011-1301

- Judicial "deadlock"?
  - Team Lourie: Lourie, Prost, Wallach, Dyk, Reyna
    - Method and system: Not eligible
  - Team Rader: Rader, Moore, Linn, O'Malley
    - Method not eligible (Rader/Moore), system eligible
  - Linn/O'Malley:
    - Lourie is wrong: all claims eligible, and don't ignore the record.
  - Newman: we're deadlocked; 101 protects research.
  - Rader's Reflections: "When all else fails, consult the statute."
- Yet: All agree on presumption of validity, preemption
- Cert granted, Oral arguments on March 31, 2014

## Ultramercial v. Hulu II, Fed. Cir. 2010-1544

- Ultramercial I: method claim on 10 step internet “ads for content”, patent eligible.
- SCT: See, Prometheus, try again
- Ultramercial II:
  - Rader, O’Malley: Still patent eligible
  - Lourie: Concur, but for my reasons, not yours.
- Wild Tangent petitions cert. Not yet decided

## Accenture v. Guidewire, Fed. Cir. 2011-1486

- Accenture: patent on insurance claim processing system that uses rules to determine which tasks to perform on the claim, based on changes in the claim state.
- District court invalidated method claims; Accenture only appealed on system claims.
- Lourie, Reyna: not patent eligible
  - Claim estoppel: method claims ineligible, system claims are equivalent
  - System claims are nothing more than “apply the abstract idea” in the method claims; no meaningful limitations
- Rader: Eligible. There are non-infringing ways of performing the abstract idea.

## SAP v Versata, Case CBM2012-00001

- First Covered Business Method Review
- Versata patent on method of using organizational hierarchies to determine product pricing
- Board:
  - Under AIA, claim construction is based on Broadest Reasonable Interpretation
  - Claim is not patent eligible
  - Applies standard reductionist approach to ‘meaningful limitations’
  - SAP’s expert admits there is no practical use of the method outside of a computer...but computer limitations are not “meaningful limitations”

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## Apple v. SightSound, Case CBM2013-00019

- SightSound patent on buying music by digital download and payment
- Claim recite transferring money and digital audio product between “first” and “second memory” using “telecommunication line”.
- Board held:
  - Claim is covered business method, not technological invention
  - Claim is patent eligible: limitations on use of specific memories and communication line are not inherent in the abstract idea of “selling digital music electronically in a series of rudimentary steps between a buyer and seller”

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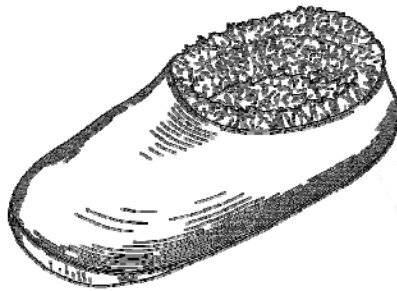
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## High Point Design v. Buyer's Direct Ind., Fed. Cir. 2012-1455

High Point's  
"FUZZY BABBA"



Buyer's Direct design patent on  
"SNOOZIES"



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## High Point Design v. Buyer's Direct Ind.

- District court held design patent invalid for obviousness, functionality
- Fed. Cir. reverses
- District court applied incorrect standard of "ordinary observer"
- Should have applied "ordinary designer"
- The ultimate inquiry in an obviousness analysis is "whether the claimed design would have been obvious to a designer of ordinary skill who designs articles of the type involved."
- District court erred in considering functional "features" instead of overall design

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## Leo Pharmaceutical v. Rea, Fed. Cir. 2012-1520

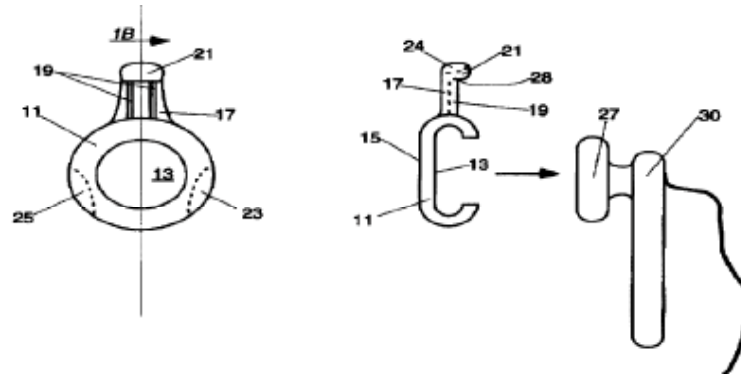
- Leo's patent on composition for psoriasis found obvious in inter partes re-exam.
- Patent covered combination of vitamin D analog, corticosteroid, and solvent, which made composition stable for storage.
- Board erred by not considering "objective indicia" as part of the obviousness analysis, rather than "afterthought" rebuttal to prima facie case of obviousness.
  - Board "may not defer examination of the objective considerations until after the fact finder makes an obviousness finding."
  - Here, objective indicia were "extensive experimental evidence of unexpected results".
- Board reversed.

## Other Secondary Consideration Cases

- Apple v. ITC, Fed. Cir. 2012-1338
  - Reverses ITC finding of obviousness on Apple touchscreen patents, for failing to consider evidence of commercial success of iPhone, industry praise and copying.
- Rambus v. Rea, Fed. Cir. 2012-1634
  - Board erred in rejecting Rambus' evidence as not having sufficient nexus because it related to "unclaimed features" such as clock speed of device.
  - "Such a strict requirement was improper. Objective evidence of nonobviousness need only be "reasonably commensurate with the scope of the claims," and we do not require a patentee to produce objective evidence of nonobviousness for every potential embodiment of the claim."

## Plantronics v. Aliph, Fed. Cir. 2012-1355

- Plantronics' patent on "Concha Headset Stabilizer"
- Aliph alleged to copy and infringe
- District court granted Aliph's SJM for obviousness



## Plantronics v. Aliph, Fed. Cir. 2012-1355

- Fed. Cir. reverses
- District court erred in not evaluating Plantronics' evidence of commercial success, copying by Aliph, and drawing inferences in favor of Plantronics
- District court's claim construction was too narrow
  - "The asserted claims are drafted broadly, without bounds to any particular structure"... "while the claims are instructive as to the general dimensions of a "stabilizer support" and a "concha stabilizer," they do not require any particular structure, e.g., one that is longer than it is wide."
  - Specification and prosecution history did not limit claims
  - No clear disclaimer by patentee in electing species in response to restriction requirement

## Always Use a Professional Draftsperson

“Because the claimed apparatus requires some familiarity with the human ear, an illustration is provided below:”

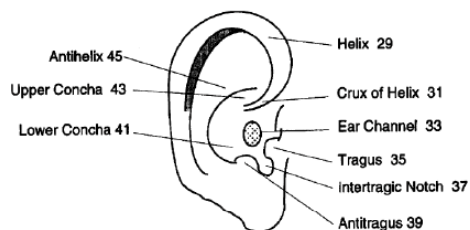


FIGURE 3

## Developments in FRAND Obligations

High Technology:  
David M. Lacy Kusters



## FRAND Obligations

- Standards settings organizations (“SSOs”) often have policies covering standards essential patents (“SEPs”)
- SEPs are patents that are necessarily infringed when implementing a standard
- Patent policies generally require participants who own SEPs to offer licenses under fair, reasonable and non-discriminatory (“FRAND”) terms

## FRAND Obligations, cont.

- “reasonable” – Licensing rates:
  - Should not be excessive
  - Should comport with the relative value of the patent or patents contributed to the standard
- “non-discriminatory” –
  - Requires that licensors treat licensees in a “similar” manner
- Obligations generally ambiguous
- Obligations generally require negotiated licenses

## DOJ / PTO Policy Statement

- DOJ and PTO issued a joint policy statement in January 2013
- Agencies were concerned that competitive conditions are harmed when injunctions or exclusionary orders issue based on SEPs
- Agencies further concerned that the availability of an injunction or exclusionary order may pressure an accused infringer to accept terms more onerous than FRAND

## DOJ / PTO Policy Statement, cont.

- Agencies stated that injunctions or exclusionary orders in SEP cases are generally contrary to public interest
- Regarding injunctions, the agencies stated that entering into a FRAND agreement with an SSO is an implicit acknowledgement that money damages, rather than an injunction, is the appropriate remedy
- Regarding exclusionary orders, the agencies urged the ITC to consider exclusion of a product under a SEP as against public interest

## DOJ / PTO Policy Statement, cont.

- Not a bright line
- Injunction or exclusion order in public interest when
  - Alleged infringer refuses to pay license
  - Alleged infringer not subject to jurisdiction of a court that could award damages

## Google and FTC Settlement

- Google obtained a number of SEP during acquisition of Motorola
- Google asserted SEPs against a number of companies, seeking injunctive relief
- FTC alleged that Google engaged in unfair acts by seeking injunctive relief on patents that were subject to FRAND obligations

## Google and FTC Settlement, cont.

- Google and FTC entered into settlement agreement in January 2013 regarding Google's enforcement of SEPs subject to FRAND obligations
- Terms:
  - Google must make FRAND offers in writing
  - Google must negotiate with potential licensees
  - Google must provide option of binding arbitration
  - Google must offer consent judgment if it wishes to seek injunction
- Settlement terms designed to be a template for future FRAND enforcements

## Samsung and European Commission Settlement

- European Commission is investigating Samsung for allegedly abusing their dominant position under EU law
- One of the key elements involves Samsung seeking injunctions in cases involving patents with FRAND obligations
- In September 2013, Samsung sent a preliminary settlement proposal to the EC
- Similar to the Google settlement
- Forced negotiation period followed by arbitration

## Apple v. Motorola (N.D. Ill.)

- Apple sued Motorola over a number of patents; Motorola countersued, asserting SEP
- In 2010, Hon. Posner (sitting by designation in District Court) dismissed Motorola's claims
- Denied Motorola's claims for injunction
- Hon. Posner stated that Motorola's FRAND commitments were incompatible with seeking injunctive relief
- Oral argument at Fed. Cir. was held in September 2013

## Apple v. Motorola (N.D. Ill.), cont.

- Judges discussed a potential standard that would allow injunctions when the alleged infringer was "unwilling" to license
- Judges' questioning focused on what time frame courts should examine whether the alleged infringer is/was willing
- If pre-suit, then the exception would swallow the whole; wouldn't be in court if the alleged infringer accepted the license
- If post-suit, then injunctions would effectively turn into a contempt sanction if the infringer failed to pay the adjudicated reasonable royalty

## Motorola v. Microsoft (W.D. Wa.)

- Motorola asserted SEPs against Microsoft covering H.264 (video codec) and 802.11 (wi-fi)
- Motorola had FRAND obligations to the IEEE and ITU (both SSOs)
- Motorola sought \$4 billion in damages and injunctions against Microsoft
- In November 2012, judge ruled that Motorola was not entitled to an injunction, because Motorola was not able to prove inadequacy of monetary damages due to FRAND obligations

## Motorola v. Microsoft (W.D. Wa.), cont.

- In April 2013, judge issued order outlining standard for determining FRAND royalty rate
- Similar to *Georgia-Pacific* analysis, with some modifications
- FRAND royalty rates should take into account
  - The public nature of standards
  - The public benefit of wide-spread adoption of the standard
  - Royalty stacking for the standard
  - The actual value the patent adds to the overall standard and accused product

## Motorola v. Microsoft (W.D. Wa.), cont.

- Jury verdict in September 2013
- Jury awarded Motorola \$1.8 million per year in reasonable royalty
- Jury also awarded Microsoft \$14.5 million for Motorola violating its FRAND obligations



## What is patentable?

- “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefore, subject to the conditions and requirements of this title.”- 35 U.S.C. § 101
- “The laws of nature, physical phenomena, and abstract ideas have been held not patentable.” -Supreme Court (*Diamond v. Chakrabarty*, 1980)
- “Rather, they are the basic tools of scientific and technological work that lie beyond the domain of patent protection.”-Supreme Court (*AMP v. Myriad*, 2013)

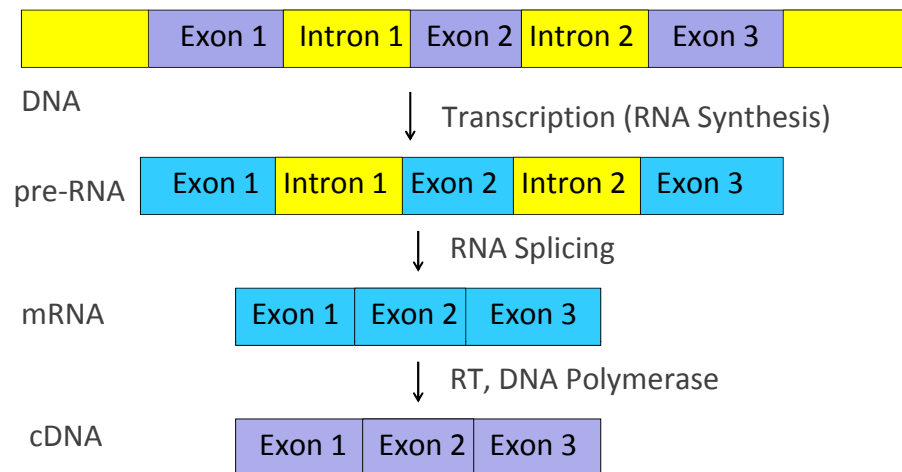
## *AMP v. Myriad Genetics, Inc.*

Three Types of Claims Analyzed:

- **Isolated DNA and cDNA's**
- Methods of “analyzing” or “comparing” a patient’s BRCA sequence with the normal (wild-type) sequence to identify the presence of cancer-predisposing mutations
- Methods of screening potential cancer therapeutics using transformed host cells containing an altered BRCA gene



## What is cDNA?



## Composition Claims (samples from U.S. Patent 5,747,282)

### Isolated DNA:

1. An isolated DNA coding for a BRCA1 polypeptide, said polypeptide having the amino acid sequence set forth in SEQ ID NO:2 protein sequence
5. An isolated DNA having at least 15 nucleotides of the DNA of claim 1

### cDNA:

2. The isolated DNA of claim 1, wherein said DNA has the nucleotide sequence set forth in SEQ ID NO:1 cDNA sequence
6. An isolated DNA having at least 15 nucleotides of the DNA of claim 2

## Supreme Court decides *Mayo v. Prometheus* in 2012

- Prometheus determined optimal levels of drug metabolites
- Patents claimed processes reciting 3 steps:
  - (a) “administering” drug
  - (b) “determining” level of drug metabolite
  - (c) increasing or decreasing dose based on metabolite level determined
- Found **NOT Patent Eligible**
  - Correlation between concentration of metabolite in blood and likelihood drug will cause harm or be ineffective = law of nature
  - Law of nature itself not patentable; needs to be “genuine application” of law of nature

## *AMP v. Myriad Genetics*: Federal Circuit 2012

- On remand, Federal Circuit holds:
- **Patent Eligible**: Isolated DNA and cDNA's
- **NOT Patent Eligible**: Methods of “analyzing” or “comparing” a patient's BRCA sequence with the wild-type sequence to identify the presence of cancer-predisposing mutations
- **Patent Eligible**: Methods of screening potential cancer therapeutics using transformed host cells containing an altered BRCA gene

*Association for Molecular Pathology v. USPTO*, 689 F.3d 1303  
(Fed. Cir. 2012)

## *AMP v. Myriad Genetics: Supreme Court 2013*

- Question before the Supreme Court: subject matter eligibility of isolated DNA and cDNA
- Isolated DNA = **NOT Patent Eligible**
- cDNA = **Patent Eligible**

*Association for Molecular Pathology v. Myriad Genetics*,  
569 U.S. \_\_\_\_ (2013)

## *Isolated DNA is a product of nature*

- Uncovering location and sequence of BRCA genes **not patentable** because they existed in nature before Myriad found them
- "... separating [a] gene from its surrounding genetic material is not an act of invention"

## Lessons from *Myriad*

- Years of work alone is not enough
  - “Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry... [E]xtensive effort alone is insufficient to satisfy [its] demands.”
- Altering DNA is important for subject matter eligibility
  - “[T]he lab technician unquestionably creates something new when cDNA is made. cDNA retains the naturally occurring exons of DNA, but it is distinct from the DNA from which it was derived. As a result, cDNA is not a “product of nature” and is patent eligible under § 101, except insofar as very short series of DNA may have no intervening introns to remove when creating cDNA. In that situation, a short strand of cDNA may be indistinguishable from natural DNA.”
- The Supreme Court did not address any other aspect of patentability
  - “We express no opinion on whether cDNA satisfies the other statutory requirements of patentability.”

## Where are we now?

- Isolated DNA = **NOT Patent Eligible**
  - Identity of structure + informational content ≠ § 101 eligible?
- cDNA = **Patent Eligible**
- Recombinant DNA?
  - Probably patent eligible as long as sequence not identical to one naturally occurring in the cell
- Proteins or other molecules in the body?
  - Therapeutic proteins = functional, not informational content
  - Likely patentable

## Aftermath of *Myriad*

- USPTO
  - Claim to “an **isolated nucleic acid molecule** comprising a[]... gene promoter sequence... [with] at least one **point mutation**...”
  - Claim to “an **antigen** comprising an **isolated polypeptide**... or an **amino acid sequence**...”
- Courts
  - *Ariosa Diagnostics, Inc. v. Sequenom, Inc.* – Claims to detecting paternally inherited nucleic acid of fetal origin from non-cellular fraction from maternal blood or plasma - **NOT patent eligible**

## FTC v. Actavis, Inc.: Legality of Reverse Payment Settlements

Life Sciences: Ewa Davison

## Reverse Payment Agreement, aka “Pay to Delay”

- Type of patent litigation settlement most common in the pharmaceutical industry
- Often used to settle Hatch-Waxman (ANDA) litigation:
  - Generic drugmaker informs FDA of intent to manufacture generic, claims branded drugmaker’s patent invalid
  - Branded drugmaker sues generic drugmaker for patent infringement, and generic drugmaker counterclaims invalidity
- Branded drugmaker pays generic drugmaker to delay entering the market until a specified date
- Patent monopoly protected against a judgment that the patent is invalid or not infringed
- Arguably keeps prices higher for consumers

## Circuit Split Regarding Reverse Payment Settlements

- Eleventh, Second, and Federal Circuits
  - Reverse payment agreements permitted unless:
    - patent litigation was a sham
    - patent was obtained by fraud, or
    - scope exceeds that of patent (e.g., other products)
  - Settlements valid because they permitted generic drugmaker to enter market several years *before* the patent was set to expire
- Third Circuit
  - Reverse payment agreements are presumptively anticompetitive and unlawful
    - unless parties can show that payment was for a purpose other than delayed entry or offered some pro-competitive effect

### *FTC v. Actavis, Inc.: The Underlying Patent Litigation*

- FDA approved Solvay's NDA for AndroGel® to treat low testosterone in men
- Solvay obtained formulation patent
- ANDA filers:
  - Actavis (then Watson) first to file ANDA—alleged invalidity
  - Paddock separately files ANDA—alleged invalidity
  - Par agreed to share Paddock's litigation costs in exchange for share of generic AndroGel profits
- Solvay sued Actavis and Paddock, settled 30 months later

### *FTC v. Actavis, Inc.: The Settlement Agreements*

- Early Market Entry
  - License to launch generic 5 years before patent expiration
- Services
  - Actavis to promote branded AndroGel to urologists, Par to promote AndroGel to primary care physicians
  - Par / Paddock to provide back-up manufacturing capabilities for branded AndroGel product
- Money
  - Paddock / Par to receive \$10 million annually for six years + \$2 million per year for back-up manufacturing services
  - Watson to receive portion of AndroGel profits, estimated at \$19-30 million per year
  - Generics to receive about \$300 million—half of Solvay's profits

### *FTC v. Actavis, Inc.: The FTC Sues*

- FTC filed suit against all settling parties
  - Alleged violation of FTC Act § 5(a): “Unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce, are hereby declared unlawful.”
  - Claimed that Solvay was “not likely to prevail” on patent validity, and that Solvay’s reverse payments extended a monopoly not authorized by the patent laws
- District Court (ND Ga) dismissed FTC’s complaint for failure to state a claim because no allegation that the settlements exceeded the scope of the patent

### *FTC v. Actavis, Inc.: Eleventh Circuit Focuses on Patent Scope*

- Eleventh Circuit affirmed: **“absent sham litigation or fraud in obtaining a patent, a reverse payment settlement is immune from antitrust attack so long as its anticompetitive effects fall within the scope of the exclusionary potential of the patent”**
  - Acknowledges that antitrust laws typically prohibit agreements where one company pays a potential competitor not to enter the market
  - But a patent provides a lawful exclusionary right
  - Reverse payment settlement therefore lawful unless it exceeds the scope of the patent, e.g., generic drugmaker barred from ever entering market



### *FTC v. Actavis, Inc.:* Eleventh Circuit Focuses on Patent Scope

- Rejected FTC proposed rule that reverse payment is unlawful “if, viewing the situation objectively as of the time of the settlement, it is more likely than not that the patent would not have blocked generic entry earlier than the agreed-upon entry date.”
  - FTC rule ignores business reality: “When hundreds of millions of dollars of lost profits are at stake, even a patentee confident in the validity of its patent might pay a potential infringer a substantial sum in settlement.”
  - Likelihood of invalidity  $\neq$  certainty of invalidity
  - Post-settlement likelihood calculation “too perilous” a basis for antitrust liability and treble damages
  - Likelihood analysis imposes heavy burden on courts and parties
  - Tension with Federal Circuit’s exclusive jurisdiction of patent cases
  - If patent is truly vulnerable, other generic drugmakers will challenge

### *FTC v. Actavis, Inc.:* FTC Appeals to the Supreme Court

- FTC
  - Burden-shifting “Quick Look” Analysis: if settlement includes reverse payment and deferred generic entry date—presumed unlawful
- Actavis
  - Reverse payment agreements legal unless:
    - patent litigation was a sham
    - patent was obtained by fraud, or
    - scope of patent exceeded
- Supreme Court reverses Eleventh Circuit but does not adopt FTC’s rule

### *FTC v. Actavis:* Supreme Court Imposes Rule-of-Reason Analysis

- Reverse Payment or “pay-for-delay” agreements are **not** immunized from antitrust attacks
- Paragraph IV settlements raise competition concerns
  - Generic drugmaker puts patent’s validity and preclusive scope at issue by certifying that any patent relevant to the brand-name drug “is invalid or will not be infringed” by the generic drug
  - Need to consider pro-competitive antitrust policies **and** patent law
- “the FTC must prove its case as in other **rule-of-reason** cases”
- Left it to the lower courts to structure reverse payment rule-of-reason antitrust litigation

### *FTC v. Actavis:* Supreme Court Imposes Rule-of-Reason Analysis

- Responding to the Eleventh Circuit:
  - Little incentive for other generic drugmakers to challenge patent
    - Only the first-to-file generic drugmaker receives the 180-day exclusivity period
    - Mandatory 30-month delay prior to generic approval
  - Not a burden for courts and parties
    - Normally not necessary to determine patent validity because *“size of the unexplained reverse payment can provide a workable surrogate for a patent’s weakness”*

## *FTC v. Actavis:* Supreme Court Imposes Rule-of-Reason Analysis

- Considerations for rule-of-reason analysis:
  - An antitrust defendant may be able to show that reverse payment is justified:
    - Roughly approximates saved litigation expenses
    - Fair value for other services that the generic drugmaker agrees to perform (e.g., distribution, marketing)
  - In absence of justification, the greater the reverse payment, the more likely it is to violate antitrust laws
  - Parties may still settle ANDA lawsuits, e.g., allow early market entry of generic without accompanying reverse payment

## *FTC v. Actavis:* Supreme Court Imposes Rule-of-Reason Analysis

- “[T]he likelihood of a reverse payment bringing about anticompetitive effects depends upon
  - its size,
  - its scale in relation to the payor’s anticipated future litigation costs,
  - its independence from other services for which it might represent payment, and
  - the lack of any other convincing justification.”

### *FTC v. Actavis:* Dissent (Roberts, Scalia, Thomas)

- Patents provide exception to antitrust law, with scope of patent determining scope of that exception
- Sharp criticism of majority position that antitrust case will not require determination of patent issues
  - Defendants must have ability to raise patent validity as defense
- That branded drugmaker offers large settlement could reflect risk aversion rather than doubts about patent's validity
  - Branded drugmaker's motivation likely embedded in privileged legal advice

### *FTC v. Actavis:* Dissent (Roberts, Scalia, Thomas)

- Majority decision will discourage settlement of patent litigation, as parties will just have to relitigate same issue (patent validity) as part of antitrust suit
- Majority decision will discourage generic drugmakers from challenging pharma patents by taking settlement possibility off the table

## What's Next? Rule-of-Reason Analysis Applied

- When is a reverse settlement payment *too large*?
- Factors:
  - size
  - scale in relation to anticipated future litigation costs
  - fair value for other services
  - any other convincing justification
- Movement toward non-monetary payment to generic drugmaker?

## What's Next? Rule-of-Reason Analysis Applied

- Can ancillary agreements constitute “payment” under *Actavis*?
  - Agreement requiring generic drugmaker to provide supplemental or back-up production capacity for branded drugmaker
  - Agreement requiring generic drugmaker to market the branded product, such as to a particular medical provider type
  - “No-authorized generic” agreement
  - License from generic drugmaker allowing branded drugmaker to make or sell unrelated patented product
  - Joint development agreement for a new product
- If so, who bears the burden of proving their value?
- Likely importance of valuation contemporary with negotiation of ANDA litigation settlement

## What's Next? Rule-of-Reason Analysis Applied

*In re Nexium Antitrust Litig.*, \_\_ F. Supp. 2d \_\_, 2013 WL 4832176 (D. Mass. Sept. 11, 2013)

- MDL putative class action brought by wholesale drug distributors and benefit funds against
  - Branded drugmaker AstraZeneca
  - Generic drugmakers Ranbaxy, Teva, and Dr. Reddy's
- Settlement agreement:
  - AstraZeneca agreed to "no-authorized generic" provision  
→ valued at > \$1 billion
  - AstraZeneca forgave Teva and Dr. Reddy's for contingent liability tied to infringement of Prilosec and Accolate patents, respectively

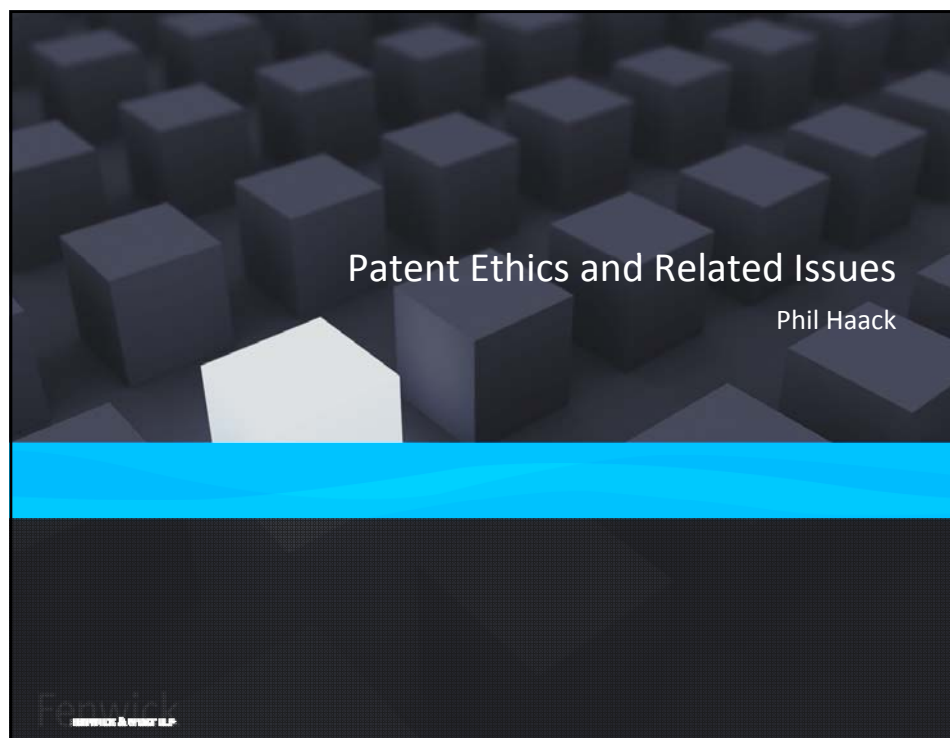
## What's Next? Rule-of-Reason Analysis

*In re Nexium Antitrust Litig.*, \_\_ F. Supp. 2d \_\_, 2013 WL 4832176 (D. Mass. Sept. 11, 2013)

- District court denied defendants' 12(b)(6) motion to dismiss antitrust claim, applying rule-of-reason analysis per *Actavis*:
  - Size of settlement suspicious:
    - "No-authorized generic" agreement with Ranbaxy, valued at > \$1 billion, seems an "outsize accommodation" by AstraZeneca to a company it accused of patent infringement
    - Forgiveness of Teva's and Dr. Reddy's contingent liability for infringement of non-Nexium patents "entirely disconnected" from instant litigation
  - No persuasive pro-competitive justifications
  - Reverse payment to generic drugmakers need not be monetary

## What's Next? Aggressive Stance by FTC

- FTC views Supreme Court's decision in *Actavis* as a win
  - "With [the *Actavis* decision], the Commission achieved one of its top competition priorities: overturning the so-called 'scope-of-the-patent' test . . . . Because of the decision, we are in a much stronger position to protect consumers from anticompetitive drug-patent settlements that result in higher drug costs."
- FTC charting aggressive course:
  - Continuing current challenges to reverse payment agreements (*FTC v. Actavis*, *FTC v. Cephalon*)
  - Continuing to investigate new settlements
  - Filing amicus briefs in private litigation re critical issues
  - Pursuing monetary disgorgement as remedy
  - Examining other branded drugmaker practices (e.g., sample access, product hopping)



## Agenda

- Inequitable Conduct
- Changing Litigation Positions & Contention Interrogatories
- Litigation Misconduct and Exceptional Cases

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## INEQUITABLE CONDUCT

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## Inequitable Conduct Standard

“To prove inequitable conduct, the challenger must show by clear and convincing evidence that the patent applicant (1) **misrepresented or omitted information material to patentability**, and (2) **did so with specific intent to mislead or deceive**” the U.S. Patent and Trademark Office (PTO). *In re Rosuvastatin Calcium Patent Litig.*, 703 F.3d 511, 519 (Fed. Cir. 2012)

“When the patentee has engaged in **affirmative acts of egregious misconduct**, such as **the filing of an unmistakably false affidavit**, the misconduct is material.” *Therasense, Inc v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1292 (Fed. Cir. 2011) (en banc).

## Inequitable Conduct: False Declarations

*Intellect Wireless Inc. v. HTC Corp.* (Fed. Cir. Oct. 9, 2013)

- Rare post-*Therasense* decision where inequitable conduct found
- False Inventor Declaration:
  - To overcome a prior art reference, the inventor averred that the claimed invention was reduced to practice and demonstrated at a meeting before the priority date.
  - The patentee filed a later declaration; Intellect argued that that the false statement was corrected and that the initial false statement had been an "inadvertent mistake."
- The district court found that the invention was never reduced to practice and found that there was no evidence that any of the false statements in the declarations were actually withdrawn, specifically called to the attention of the PTO, or fully corrected.

## Inequitable Conduct: False Declarations

*Intellect Wireless Inc. v. HTC Corp.* (Fed. Cir. Oct. 9, 2013)

- Federal Circuit upheld the finding of inequitable conduct
  - The statement of reduction to practice had not been removed and that the language used in the later declaration appeared to intentionally obfuscate the errors.
- “Absent curing, [the filing of a false declaration] alone establishes materiality.”
- No correction of the record was made:
  - “Neither the PTO nor the public was apprised of the falsehoods in Mr. Henderson's declarations and told the actual facts. Thus, the district court correctly found that “[a] full disclosure or correction of the record was never made.”

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## Inequitable Conduct: Revival of Lapsed Patent Application

*Network Signatures v. State Farm* (Fed. Cir. Sept. 24, 2013)

- Factual Background:
  - Naval Research Laboratory (NRL) permitted the patent-in-suit to lapse for non-payment of the maintenance fee. Two weeks later, it received an inquiry about licensing from the predecessor to the plaintiff Network Signatures.
  - The NRL then petitioned the PTO to accept delayed payment of the fee; the PTO granted the petition and the patent was licensed to Network Signatures.
  - The submitted petition was a PTO form that included a required checkbox declaring that the payment lapse was “unintentional.”

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## Inequitable Conduct: Revival of Lapsed Patent Application

*Network Signatures v. State Farm* (Fed. Cir. Sept. 24, 2013)

- State Farm argued that there was inequitable conduct by the NRL in representing on the petition that the failure to pay was unintentional.
- Plaintiff argued that the petition was from a “mistake of fact” because plaintiff had been trying to reach NRL about licensing before lapse.
- The majority deferred to the PTO the fee payment is a matter “unrelated to the substantive criteria of patentability, but within the authority of the Director,” with courts dissuaded from interfering with the “minutiae of Patent Office proceedings.”
  - “Mr. Karasek’s compliance with the standard PTO procedure for delayed payment, using the PTO form for delayed payment, does not provide clear and convincing evidence of withholding of material information with the intent to deceive the Director.”

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## Inequitable Conduct: Takeaways

- Post-*Therasense*, an alleged act of inequitable conduct must be shown to be related to the “substantive criteria of patentability.”
- If a declaration is discovered to be false, the declaration must be corrected, and the Examiner must be made aware both of the error and the reason why any correction is being made as it relates to the error.

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## CHANGING LITIGATION POSITIONS

### Changing Litigation Positions: Contentions

*Kruse Tech. Partnership v. Volkswagen* (Fed. Cir. Oct. 8, 2013) (non-precedential)

- Factual background:
  - District court modified the construction of a limitation previously construed in prior litigation.
  - Kruse moved for leave to amend under the N.D. Cal.'s local patent rules, which require good cause
  - The Court denied leave and granted summary judgment of noninfringement for Volkswagen.
  - On appeal, Kruse argued that it was improper for the district court to deny leave to amend when the claim construction had changed

## Changing Litigation Positions: Contentions

*Kruse Tech. Partnership v. Volkswagen* (Fed. Cir. Oct. 8, 2013) (non-precedential)

- Emphasizing that it was a “close question,” the Federal Circuit upheld the district court’s ruling.
- The panel pointed out that the case was in a late stage and the district court found that Volkswagen would have been prejudiced by a change in course at the late date.
  - “[T]his court defers to the district court when interpreting and enforcing local rules so as not to frustrate local attempts to manage patent cases according to prescribed guidelines.” *Genentech, Inc. v. Amgen, Inc.*, 289 F.3d 761, 774 (Fed. Cir. 2002).

## Changing Litigation Positions: Takeaways

- Describe alternate theories based on the parties’ claim construction positions in contentions where possible, and ask for leave to amend promptly
- The Federal Circuit gives a great deal of deference to the district courts on matters of scheduling and case management: this includes interpretation and application of local patent rules.

## LITIGATION MISCONDUCT AND EXCEPTIONAL CASES

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### Litigation Misconduct and Exceptional Cases In General

- Courts have power to punish litigation misconduct under 35 U.S.C. § 285
- Section 285 permits the award of attorneys fees for exception cases involving:
  - Inequitable conduct before the PTO
  - Misconduct during litigation
  - The litigation is brought in subjective bad faith, and the litigation is objectively baseless.
- Purpose is not to police attorneys' litigation practice, but to compensate a party for having to defend against unfair practices.

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## Attorney's Fees pursuant to 35 U.S.C. § 285: Vexatious Litigation Strategy

*Monolithic Power Systems, Inc. v. O2 Micro International Ltd.* (Fed. Cir. Aug. 13, 2013)

- In four prior cases, MPS and/or its customers obtained judgments against O2 Micro, or O2 covenanted not to sue
- MPS filed a DJ action against O2 Micro and O2 Micro instituted ITC proceedings on largely the same patents
- O2 Micro then covenanted not to sue three of the four patents-in-suit and withdrew them from the ITC and the district court case, after which a court-appointed expert found the remaining patent invalid, and O2 Micro offered a covenant not to sue before judgment.
- District court: case exceptional due to O2 Micro's vexatious litigation strategy, litigation misconduct, and unprofessional behavior
  - Awarded attorneys' fees for the entire case (\$8,419,429), including fees incurred for discovery in the ITC action.

## Attorney's Fees pursuant to 35 U.S.C. § 285: Vexatious Litigation Strategy

*Monolithic Power Systems, Inc. v. O2 Micro International Ltd.*  
(Fed. Cir. Aug. 13, 2013)

- On appeal, the Federal Circuit affirmed and repeated its earlier statements that "litigation misconduct" alone can be sufficient to make a case exceptional under § 285 – even when the lawsuit itself is not objectively baseless or brought in bad faith.
  - "In other words, litigation misconduct alone may suffice to make a case exceptional."
- Pattern from Prior Cases: The Federal Circuit also affirmed that the exceptional case award can be based on a pattern of "vexatious litigation strategy" that extends beyond the particular case or controversy at issue.

## Attorney's Fees pursuant to 35 U.S.C. § 285: Objectively Baseless Claims

*Taurus IP LLC v. DaimlerChrysler Corp. et al.* (Fed. Cir. Aug. 9, 2013)

- Two suits below: one patent infringement, one on breach of a warranty not to sue.
- Background:
  - Licensing company Orion IP, managed by Erich Spangenberg, asserted patents against a number of car manufacturers in E.D. Texas, some of which settled
  - Just prior to settlement, Orion assigned U.S. Patent No. 6,141,658 ("the '658 patent") to Taurus IP (also a Spangenberg entity)
  - Taurus then asserted the '658 Patent against Chrysler in W.D. Wisconsin
  - The district court found the patent invalid and not infringed at summary judgment

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## Attorney's Fees pursuant to 35 U.S.C. § 285: Objectively Baseless Claims

*Taurus IP LLC v. DaimlerChrysler Corp. et al.* (Fed. Cir. Aug. 9, 2013)

- Background (cont.):
  - The district court decided that the suit was exceptional under 35 U.S.C. § 285, and awarded attorneys' fees, as well as evidentiary sanctions against Spangenberg for tampering with a witness.
  - On the warranty claim, the jury found that third-party defendants Orion and Spangenberg had breached the settlement agreement between Orion and Chrysler by asserting the '658 patent, and awarded the cost of defending against the Wisconsin lawsuit as damages for the breach

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## Attorney's Fees pursuant to 35 U.S.C. § 285: Objectively Baseless Claims

*Taurus IP LLC v. DaimlerChrysler Corp. et al.* (Fed. Cir. Aug. 9, 2013)

- On appeal, the Federal Circuit described the standard for an exceptional case in the absence of misconduct or inequitable conduct:
- The Federal Circuit found the case below objectively baseless...
  - “[T]he plaintiff’s unreasonably broad claim construction, on which infringement hinges, has no support in the written description or the prosecution history.
- The Federal Circuit found subjective bad faith...
  - “subjective bad faith exists because the plaintiff continued to litigate on an unreasonable infringement theory even in the face of an adverse claim construction ruling.”

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## Attorney's Fees pursuant to 35 U.S.C. § 285: Objectively Baseless Claims

*Taurus IP LLC v. DaimlerChrysler Corp. et al.* (Fed. Cir. Aug. 9, 2013)

- “Reasonable litigant” standard for objective baselessness:
  - “To be objectively baseless, the patentee’s assertions -- whether manifested in its infringement allegations or its claim construction positions -- ‘must be such that no reasonable litigant could reasonably expect success on the merits.’” (internal quotations omitted)
- And the Federal Circuit upheld the District Court’s finding of subjective bad faith because, once an adverse claim construction ruling was issued, the suit lacked a reasonable basis and was, therefore, pursued and maintained in bad faith.
  - The Federal Circuit also warned that “zealous advocacy” is no excuse for bad faith litigation.

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## Litigation Misconduct: Sidebar re: Witness Tampering

*Taurus IP LLC v. DaimlerChrysler Corp. et al.* (Fed. Cir. Aug. 9, 2013)

- Same appeal, but from the warranty case.
- Former contract patent agent for Chrysler, Patrick Anderson, was later hired by Spangenberg.
- Spangenberg suggested to Anderson that one of Chrysler's witnesses, an attorney, would be committing perjury.
  - Spangenberg reminded Anderson that he had previously worked with the Chrysler witness and that it might "cause some kind of problems" for Anderson to not take steps to "deal with" the alleged perjury.
- Anderson contacted the Chrysler witness by phone and sent him a letter in which he "reminded" the witness of various facts and threatened to report him to the Michigan state bar.
  - At no point did Anderson inform the witness that he worked for Spangenberg.

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## Litigation Misconduct: Sidebar re: Witness Tampering

*Taurus IP LLC v. DaimlerChrysler Corp. et al.* (Fed. Cir. Aug. 9, 2013)

- District Court granted evidentiary sanctions against Orion, concluding that the communication was designed to intimidate the witness and influence his testimony, that it was unethical behavior for Spangenberg's (and Orion's) benefit, and that Anderson should have been screened off from the Chrysler matter in the first place.
- The Federal Circuit upheld, finding the sanctions appropriate under the circumstances and in particular relied on the failure of Spangenberg to create an ethical wall.
  - Rejected a suggestion that Anderson had an ethical duty to prevent perjury under the relevant Michigan rule, since Anderson did not represent any party in the relevant proceeding

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## Attorney's Fees pursuant to 35 U.S.C. § 285: Supreme Court Preview

*Highmark v. Allcare*, 687 F.3d 1300 (Fed. Cir. 2012)

- Patent covered a financial system for healthcare that integrated with patients' banks and employers. Accused products had no such integration.
- Trial court found the infringement allegations were baseless and awarded \$5.28M in fees.
- The trial court also found that the plaintiff engaged in misconduct:
  - Asserted a frivolous argument based on an overruled legal theory
  - Shifted its claim construction positions
  - Made misrepresentations to a court to support a motion to transfer
- The Fed. Cir. found these actions to be acceptable:
  - The frivolous argument was retracted
  - The shifting claim constructions were similar in substance
  - The receiving court did not have jurisdiction to issue sanctions for misrepresentations made in the transferring court

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## Attorney's Fees pursuant to 35 U.S.C. § 285: Supreme Court Preview

*Highmark v. Allcare*, 701 F.3d 1351 (Fed. Cir. 2012)

- Federal Circuit Denies en banc review in a highly-contested decision.
- Judges Moore, Rader, O'Malley, Reyna and Wallach dissented from the denial of the petition for en banc review, arguing that the Federal Circuit should review the district court's determinations regarding reasonableness with deference.
- The Supreme Court granted cert in October 2013.
- Question presented:
  - Whether a district court's exceptional-case finding under 35 U.S.C. § 285 (which permits the court to award attorney's fees in exceptional cases), based on its judgment that a suit is objectively baseless, is entitled to deference.
- Oral argument set for February 26.

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## Attorney's Fees pursuant to 35 U.S.C. § 285 Takeaways

- Even if an adverse claim construction cannot, alone, form the basis for an exceptional case finding, a party and must continually assess the soundness of pending infringement claims, especially after an adverse claim construction.
- Do not let “zealous advocacy” prevent an objective assessment of the claims
- Patterns of litigation behavior outside the current lawsuit can be used to determine whether a case is exceptional
- Look for Supreme Court guidance regarding the level of deference the district court will be granted in deciding whether a case is exceptional

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## Questions

Q&A

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# Don't Just Patent Everything, You Need To Have A Strategy

BY ANTONIA L. SEQUEIRA

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You can't patent it all. Inventors often want to patent every potentially novel detail of their technologies and patent attorneys are sometimes willing to help them do it. However, this type of unfocused, shotgun approach often does not lead to the strategic patent protection companies need to prevent competitors from copying their commercially important innovations. Startups and emerging growth companies should focus on building a patent monopoly around the most commercially important choke points of their inventions while making efficient use of their patent dollars and the precious time of their key innovators and technical experts.

Inventors often enthusiastically identify many features that are new and interesting about their technologies. Nonetheless, just because something is novel and potentially patentable does not mean that you should expend your technical staff's time and your patent dollars to patent it. Inventors often overlook weighing how patenting an invention will bring value to the company. The inventions patented should be ones that provide an important business advantage by preventing competitors from making, using, selling, or importing those inventions.

In determining what technology to protect, think about your inventions from the standpoint of identifying choke points or problems that were difficult to overcome and will be a challenge for your competitors to design around unless they use your innovative solutions. Those are areas that make good business sense to protect. By protecting the choke points, you can make it very difficult for your competitors to rapidly develop a competing product as good as yours.

The ability to detect whether a competitor is using your patented invention is another key criterion. If a technology you are patenting is a back end process or hidden component, it may be difficult to tell whether

your competitor is using the technology. A patent provides limited value if you cannot tell or cannot prove that your competitor is infringing. Focus on patenting inventions for which infringement will be readily detectable.

It is also important to think strategically about who will be the party that will infringe the claims of the patent. If it will only be infringed by a customer or end user, such as the end user for a software application or a doctor using a medical device, patenting it may be of less value since you may not want to sue potential customers. Ideally, your competitors — presumably the companies that are making products like yours — should be the parties directly infringing your patent. Your patent claims should be specifically drafted to encompass manufacturer and seller infringers rather than just end-user infringers.

Once you understand the focus of the patent applications you should be filing (business choke points, readily detectable, directly infringed by competitors), your patent counsel should work with you to map out a patent portfolio strategy designed to block your competitors from making or selling commercially viable substitutes for your current and anticipated products. Portfolio strategy will be somewhat different for startups versus emerging growth companies, and will vary by technology space.

Startups should focus on getting patent coverage of their core technologies. Due to budget limitations, startups often begin by filing simple provisional applications to protect inventions. However, provisional applications only protect what you describe sufficiently to enable a person of ordinary skill in the art to make and use the invention. Thus, a provisional application should be written to be as close to a full or nonprovisional application as possible. Unless investors insist on seeing larger

numbers of applications, you are better off filing one detailed, complete application (provisional or nonprovisional) that thoroughly describes your core technology and its novel, practical alternatives, rather than multiple quick but less detailed provisional applications.

Emerging growth companies that already have core patent applications in place should be thinking about expanding to a more mature patent portfolio containing patent applications beyond those covering core technologies. Fill in gaps around those foundational patents by protecting technologies that allow your core inventions to work better and follow-on improvements to core inventions. Consider pursuing patent applications intentionally designed to encompass your competitors' products for defensive use in case these competitors threaten you with legal action. Think strategically about how you want to use your portfolio, including to protect against copycats, as defense against litigious competitors, and to generate revenue by licensing portions of your portfolio. Make sure the composition of your portfolio is designed with these specific goals in mind.

When protecting inventions outside of the U.S., comprehensive global patenting is usually neither cost effective nor necessary. Rather, strongly consider pursuing patent applications just within the U.S. or within a very limited set of foreign countries that represent key foreign markets for your business. Pursuing foreign protection is extremely expensive, and the money you spend there is money you are taking away from applications you could file in the U.S. on other innovations. If you are filing outside the U.S., protect only the most core or foundational technology.

In certain technology areas, such as the pharmaceutical or medical device fields, worldwide patent protection can seem essential, so the equation is more complicated. But even in these cases, it is often worth limiting your foreign filings,

keeping in mind that by locking up the U.S. and key foreign markets, you have already put somewhat of a chokehold on competitors. Even though competitors may be able to make and sell a similar product in Israel, for example, they will be prohibited from making, using, selling, or importing into the U.S. Limiting viable markets may be enough to deter competitors from pursuing competing products. In other words, spend the time and money needed to lock down just enough markets to make copying your invention commercially unattractive for competitors, but no more.

For all types of companies, using patents as an effective tool to protect your growing business requires strategically-minded patent counsel on your side. Your patent counsel should be a partner working with you develop and implement a plan, not just someone working for you to draft applications on whatever you ask them to patent. They should help you develop your patent strategy from a business perspective — not what *[can]* you patent, but what *[should]* you patent? In this way, your patent counsel will help you develop a patent portfolio focused around high value patents that will allow you to protect your business goals.

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## Litigation Alert:

### Federal Circuit Split on Patent Eligible Subject Matter Analysis

MAY 16, 2013

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Last week, the Federal Circuit, sitting *en banc*, issued a much-anticipated decision in *CLS Bank Int'l, et al., v. Alice Corporation Pty, Ltd.* involving the test for when computer-related inventions are unpatentable “abstract ideas” under § 101 of the Patent Act. Seven opinions issued from the fundamentally-divided court, none of which a majority of the judges signed, leaving a lack of clarity on important questions of law that Congress and/or the Supreme Court will likely be asked to answer.

Patentee Alice Corp. claimed a computerized trading platform used for conducting financial transactions in which a third party settles obligations between the two parties to the underlying transactions. The third party mitigates risk that only one of the parties will actually pay its obligation, so-called “settlement risk.” Alice claimed its invention as a method, system, and computer media.

Following the Supreme Court’s *Bilski v. Kappos* decision, the district court granted summary judgment that Alice’s claims were invalid as “abstract ideas,” one of the judge-made exceptions to patentable subject matter defined in § 101 of the Patent Act. A panel of the Federal Circuit reversed, holding that the claims at issue, including claimed methods, computer-readable media, and systems, were all patent eligible under § 101. Granting CLS’ petition for rehearing *en banc*, the Federal Circuit vacated the panel opinion and requested briefing on two issues: (1) the test to determine whether a computer-implemented invention is a patent ineligible “abstract idea;” and (2) whether it should matter in assessing patent eligibility under 35 U.S.C. § 101 of a computer-implemented invention that the invention is claimed as a method, system, or storage medium; and should such claims at times be considered equivalent for § 101 purposes.

The *en banc* court issued six different opinions in addition to the per curiam opinion affirming the district court’s decision: (1) a concurring opinion by Judge Lourie, joined by Judges Dyk, Prost, Reyna and Wallach ( “Lourie opinion”) that affirms the district court’s holding that all the asserted claims (system, method and media) are invalid as not directed to patent eligible subject matter; (2) an opinion by Chief Judge Rader that dissents from holding the system claims invalid (that Judge Moore joins) (the “Rader opinion”) and otherwise concurs (joined in this part by Judges Linn, Moore and O’Malley); (3) Judge Moore’s dissent-in-part, in which Judges Rader, Linn and O’Malley join (“Moore opinion”); (4) Judge Newman’s opinion; (5) Judges Linn and O’Malley’s opinion which dissents from all aspects of the judgment entered by the Court, and (6) Judge Rader’s “additional reflections.”

This summary analyzes the two main opinions, those by Judge Lourie and Chief Judge Rader as having the most substantive discussion and analysis of the Court’s patent eligible subject matter jurisprudence. While differing in rationale, both opinions hold the method and media claims unpatentable; in addition, a majority of the court agrees that in the § 101 analysis of these claims, the method, system, and media claims should rise or fall together.

The Lourie opinion sets out the two-step patent-eligibility analysis. First, a court must determine “whether the claimed invention is a process, machine, manufacture, or composition of matter” as required by 35 U.S.C. § 101. Lourie slip op. at 8. If it is not, the claim is ineligible under the statute. However, if the invention falls into one of the statutory categories, the Court must determine whether “any of the three judicial exceptions . . . law of nature, natural

phenomenon, or abstract idea” apply and bar the claim from being patent eligible. *Id.* at 9. “Only claims that pass both inquiries satisfy § 101.” *Id.*

For Judge Lourie, the first step in the patent eligibility analysis is identifying and defining “whatever fundamental concept appears wrapped up in the claim”. *Id.* at 18. The Rader opinion fundamentally disagrees with such an approach, and argues that it could make all inventions unpatentable: “[A]ny claim can be stripped down . . . , until at its core, something that could be characterized as an abstract idea is revealed.” Rader slip op. at 13.

For Judge Lourie, once the concept is identified, the court is to analyze the claim and determine whether it also contains “additional substantive limitations that narrow, confine, or otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself.” Lourie slip op. at 18–19. Judge Rader, on the other hand, proposes focusing the inquiry on “whether a claim includes meaningful limitations restricting it to an application, rather than merely an abstract idea.” Rader slip op. at 16. In this last aspect, the most basic aspect of the judges’ differing views is highlighted. The Lourie opinion views its analysis as mandated by the Supreme Courts recent (and older) § 101 jurisprudence; the Rader opinion views the statute and Congressional intent behind it as mandating no further exception to what is patent eligible.

In applying this analytical framework to the claims at issue, Judge Lourie found that the method claims did not include patent-eligible subject matter because they simply recited a “disembodied concept” and “lacked any express language to define the computer’s participation.” Lourie slip op. at 26. Judge Lourie refused to find patentable subject matter “in a claimed method comprising an abstract idea, [where] generic computer automation of one or more steps evinces little human contribution.” *Id.* The Lourie opinion viewed the computer-assisted steps described in the patent as insignificant post-solution or pre-solution activity. *Id.* at 26–27. By contrast, Judge

Rader would find the claim “meaningfully limited, if it requires a particular machine implementing a process or a particular transformation of matter.” Rader slip op. at 19. He was further critical of Judge Lourie’s opinion for employing hindsight regarding today’s routine practices to a patent which originated in the early 1990s. *Id.* at 20, n.4. Judge Lourie found patent eligibility of the the computer-readable medium claims fell with the method claims described above. Lourie slip op. at 30–31.

Again, Judge Lourie found that since the system claims recited “a handful of computer components in generic, functional terms that would encompass any device capable of performing the same ubiquitous calculations”, they were not patent eligible. *Id.* at 34. Judge Rader focused on the specific configuration of the computer disclosed and “at least thirty-two figures which provide detailed algorithms for the software” to find that the system claims were not directed to patent ineligible subject matter. *Id.* at 38.

In summary, a seven-judge majority found the method claims and computer readable medium claims to be not directed to patent-eligible subject matter. Disposition on the issue of systems claim could not get a majority either way. The prior panel having been vacated, the district court’s decision was affirmed.

Several members of the panel expressed frustration with the Court’s divided opinions. For example, Judge Newman wrote criticizing the Court for propounding “at least three incompatible standards” which would create further uncertainty for inventors. Newman slip op. at 1. She went on to make three recommendations of what the Court should do to resolve the matter once and for all: (1) “hold that section 101 is an inclusive statement of patent-eligible subject matter”; (2) “hold that the form of the claim does not determine section 101 eligibility”; and (3) “confirm that experimental use of patented information is not barred.” *Id.* at 3–4.

The judges’ diverging opinions in *CLS Bank* reveal divisions among the Federal Circuit judges about what ought to be patent eligible subject matter and the

role the Patent Act and Supreme Court have reserved for judges in deciding that question. The upshot of these divisions, as noted above, is a lack of guidance about what inventions in this commercially-important area are patent eligible. The inventors, Patent Office, and district courts confronting the unpredictability this creates likely will continue to press for some clear standard — from the Supreme Court, Congress, or both. Chief Judge Rader’s views on the history of the statute and the scope of judicially-created exceptions to patentable subject matter can be seen as an attempt to change the debate from how to define the meets and bounds of the exception to what is the proper scope of any judge-made exception to § 101. In the § 101 cases the Supreme Court has taken recently, *Bilski*, *Mayo*, and *Myriad*, it has recognized this issue to some extent, but not tackled it head-on and it remains to be seen whether a majority of the Court could be persuaded to defer in this way. Until further clarity from one source or another, litigants will continue to challenge issued patents which the Lourie opinion would hold invalid, and inventors will press the Patent Office to allow claims the Rader opinion would find patent eligible. Thus, the debate appears far from over, and those seeking patent protection for their inventions and to invalidate patents believed to be not patent eligible will want to continue to monitor the area as the law evolves and the courts and Patent Office develop approaches to handle the current lack of clarity.

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## Life Sciences Alert: Unanimous Supreme Court Decision in *Ass'n for Mol. Pathology v. Myriad Genetics, Inc.*

June 13, 2013

Michael Shuster, Carolyn Chang,  
Pauline Farmer-Koppenol, Lynn Pasahow

Fenwick  
FENWICK & WEST LLP

Today, a unanimous Supreme Court decision in *Ass'n for Mol. Pathology v. Myriad Genetics, Inc.*, held that Myriad's claims directed to "a naturally occurring segment of ... [DNA]" are not patent eligible despite their "isolation from the rest of the human genome," but that claims directed to "synthetically created ... [cDNA] remain patent eligible. 569 U.S. \_\_\_\_ (2013), Slip Op. at 1. In so holding, the Court continues its efforts to maintain "a delicate balance between creating 'incentives that lead to creation, invention, and discovery' and 'imped[ing] the flow of information that might permit, indeed spur invention.'" *Id.* at \_\_\_\_, Slip Op. at 11 (internal citations omitted).

At issue in *Myriad* is the patent eligibility statute, 35 U.S.C. § 101, which provides:

Whoever invents or discovers any new and useful ... composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

35 U.S.C. §101. *Myriad* addresses the scope of the judicially-created "product of nature" exception to broad statutory language, one of a trio of such exceptions (laws of nature, natural phenomena and abstract ideas). These exceptions exclude from patent eligibility subject matter considered to be "the basic tools of scientific and technological work" due to the "considerable danger that the grant of patents would 'tie up' the use of such tools and thereby 'inhibit future innovation premised upon them.'" Slip Op. at 11 (internal citations omitted).

Relying on two precedents, *Funk Bros. Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127 (1948), and *Diamond v. Chakrabarty*, 447, U.S. 303 (1980), the Court outlined the boundaries of the product of nature exception to patent eligibility. In *Funk Bros.*, the Court held that

a claim to a composition of several bacteria that did not inhibit each other, and which were useful for improving nitrogen utilization by certain plants was patent ineligible. It noted that the bacteria were not altered by the patent holder and that combined bacterial isolates performed the same "nitrogen fixing" function as they did naturally. Slip Op. at 13.

*Chakrabarty* involved claims directed to an engineered "oil eating" bacteria that the Court upheld as patent eligible because they were directed to "a nonnaturally occurring manufacture or composition of matter – a product of human ingenuity 'having a distinctive name, character [and] use.'" Slip Op. at 12.

In holding as patent-ineligible Myriad's claims to isolated nucleic acid molecules having naturally occurring sequences (*i.e.*, genomic DNA sequences), the Court declined to adopt the Federal Circuit's reliance on "isolating" the molecules, subtle chemical differences between the isolated molecules and their naturally-occurring counterparts residing within human chromosomes, or the extensive work Myriad carried out to identify the precise start and end of the BRCA1 and BRCA2 genes, which when mutated, greatly increase cancer risk. The Court noted that such chemical differences formed no part of the claim, and that the basic informatics function of the molecules was the same. "Myriad's claims are simply not expressed in terms of chemical composition, nor do they rely in any way on the chemical changes that result from the isolation of a particular section of DNA. Instead, the claims understandably focus on the genetic information encoded in the BRCA1 and BRCA2 genes.... [Myriad's] claim is concerned primarily with the information contained in the genetic *sequence*, not with the specific chemical composition of a particular molecule." Slip Op. at 14-15 (emphasis in original).

Nor did the Court give deference to the long-standing PTO practice of granting such claims. It noted that Congress had not endorsed the views of the PTO in subsequent legislation, and pointed out the United States's arguments as *Amicus Curiae* before the Federal Circuit and the Supreme Court that isolated (genomic) DNA should not be patent eligible. Slip Op. at 16.

In upholding the patent eligibility of cDNA molecules, DNA copies made from “messenger RNA,” the Court noted that these sequences differ from those that occur naturally in the genome because they lack “introns” (non-coding portions of the genomic sequence that are removed during messenger RNA processing.) “Petitioners concede that cDNA differs from natural DNA in that ‘the non-coding regions have been removed....’ As a result, cDNA is not a ‘product of nature’ and is patent eligible under § 101, except insofar as very short series of DNA may have no intervening introns to remove when creating cDNA. In that situation, a short strand of cDNA may be indistinguishable from natural DNA.” Slip Op. at 16-17.

The Court also noted that this decision did not implicate Myriad's ability to exploit claims directed to innovative methods of searching for genes, or for methods of applying knowledge about the BRCA1 and BRCA2 genes. Quoting Judge Bryson's Federal Circuit opinion:

‘[A]s the first party with knowledge of the [BRCA1 and BRCA2] sequences, Myriad was in an excellent position to claim applications of that knowledge. Many of its unchallenged claims are limited to such applications.’

Slip Op. at 17-18.

The Court also made clear that its decision did not reach the question of “patentability of DNA in which the order of the naturally occurring nucleotides has been altered.” *Id.* at 18.

What *Myriad* leaves unanswered is the impact of the Court's prior decision in *Mayo v. Prometheus*, 132 S. Ct. 1289 (2012), (which held patent ineligible as a law of nature the correlation between a drug metabolite level and the need to adjust dosages upward or downward) on the unasserted Myriad method claims directed to methods of assessing cancer risk based on the presence of certain gene mutations in the BRCA1 or BRCA2 genes. Also unanswered is the reach of this decision to other patent claims that rely on “isolation” as the basis for patent eligibility. Many useful drug products are isolated forms of naturally-occurring proteins and small molecules. To the extent *Myriad* calls into question the rationale of *Parke-Davis & Co. v. H.K. Mulford Co.*, 196 F. 496 (2d Cir. 1912), recognizing isolated or purified naturally occurring molecules as a basis for patent eligibility, the validity of claims directed to isolated recombinant proteins (*e.g.*, blood clotting factors, insulin, epogen) may also be called into question.

While the *Myriad* decision does disrupt the established expectations of the biotechnology community, industry executives and investors should take comfort in the fact that the Court provides guidance on strategies to preserve the patent eligibility of major classes of inventions important to the industry. In particular, the Supreme Court makes clear that inventions directed to the application of knowledge regarding naturally occurring DNA sequences may still be patent eligible. Furthermore, patent claims reciting molecules that differ chemically from their naturally occurring counterparts (labeled nucleic acids, recombinant nucleic acids, transformed host cells, *etc.*) may be another way to fall outside the subject matter now proscribed by today's decision.

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## Litigation Alert:

### Supreme Court Rules on “Reverse Payment” Settlements in *Federal Trade Commission v. Actavis, Inc.*

JUNE 17, 2013

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Today, the U.S. Supreme Court held in *Federal Trade Commission v. Actavis, Inc.* that so-called “reverse payment” settlement agreements should be analyzed under a rule-of-reason analysis under which the court assesses any anti-competitive effects of such agreements “by considering traditional antitrust factors such as likely anticompetitive effects, redeeming virtues, market power, and potentially offsetting legal considerations present in the circumstances.” 570 U.S. \_\_\_\_ (2013), Slip Op. at 9-10, 21. Reverse payment settlement agreements are a type of litigation settlement that requires the patent holder to pay the alleged infringer, often in exchange for the alleged infringer agreeing not to enter the market until a specified date. See 570 U.S. \_\_\_\_ (2013), Slip Op. at 1; *FTC v. Watson Pharms., Inc.*, 677 F.3d 1298, 1301 (11th Cir. 2012).

In so holding, the Court rejected the rule previously adopted by the U.S. Courts of Appeals for the Eleventh, Second and Federal Circuits, under which a reverse payment settlement is immune from antitrust attack so long as its anticompetitive effects fall within the scope of the exclusionary potential of the patent and there is no sham litigation or fraud in obtaining the patent. *Watson Pharms.*, 677 F.3d at 1312; *In re Tamoxifen Citrate Antitrust Litig.*, 429 F.3d 370 (2d Cir. 2005), amended, 466 F.3d 187 (2d Cir. 2006), cert. denied, 551 U.S. 1144 (2007); *In re Ciprofloxacin Hydrochloride Antitrust Litig.*, 544 F.3d 1323 (Fed. Cir. 2008), cert. denied, 557 U.S. 920 (2009). The Court also rejected the rule previously used by the U.S. Court of Appeals for the Third Circuit, which treats reverse payment agreements as presumptively anticompetitive and unlawful unless the parties to the agreement can show that the payment was for a purpose other than delayed entry or it offered some pro-competitive benefit. *In re K-Dur Antitrust Litig.*, 686 F.3d 197 (3d Cir. 2012), petitions for cert. pending, No. 12-245 (filed Aug. 24, 2012) and No. 12-265 (filed Aug. 29, 2012).

In *Actavis*, the Food and Drug Administration (“FDA”) approved Solvay’s New Drug Application (“NDA”) for

AndroGel, a topical gel that treats the symptoms of low testosterone in men, in February 2000.<sup>1</sup> *Watson Pharms.*, 677 F.3d at 1304. U.S. Patent No. 6,503,894 (“the ’894 patent”) issued on January 7, 2003. *Id.* The ’894 patent did not expire until August 2020.<sup>2</sup> *Id.*

Two generic manufacturers — Watson Pharmaceuticals, Inc. and Paddock Laboratories, Inc. — filed Abbreviated New Drug Applications (“ANDA’s”) with the FDA in May 2003. *Id.* Both generic manufacturers made paragraph IV certifications, asserting that their generic AndroGel product did not infringe the ’894 patent and/or that the ’894 patent was invalid. *Id.* Solvay filed a patent infringement lawsuit in federal district court, which triggered a 30-month stay of the FDA’s approval of Watson and Paddock’s ANDA’s. *Id.* Paddock partnered with Par Pharmaceutical Companies, Inc., which agreed to share Paddock’s litigation costs in exchange for part of the potential profits from Paddock’s generic AndroGel product if that product received final FDA approval. *Id.*

When the 30-month stay expired in January 2006, the parties had conducted discovery and the defendants’ summary judgment motions on the issue of patent validity had been fully briefed, but not yet decided by the court. *Id.* at 1304-1305. The FDA approved Watson’s generic AndroGel ANDA in January 2006 after expiration of the stay. *Id.* at 1304. However, in September 2006, before the district court ruled on the pending summary judgment motions and before any generic AndroGel was brought to market, the parties settled the patent litigation with a series of settlement agreements. *Id.* at 1305. Under the settlement agreements, Watson and Paddock/Par were granted a license to launch their generic AndroGel products

<sup>1</sup> Additional details of the *Actavis* case and the process by which brand name pharmaceutical manufacturers and generic companies introduce drugs to market are discussed in: Melanie L. Mayer and David K. Tellekson, IP Litigation Alert: U.S. Supreme Court to Weigh In on Reverse Payment Deals, April 2013, which is available at <http://www.fenwick.com/publications/Pages/Litigation-Alert-US-Supreme-Court-to-Weigh-In-on-Reverse-Payment-Deals.aspx>

<sup>2</sup> The ’894 patent was directed to the AndroGel formulation. A prior patent covering the synthetic testosterone in AndroGel had already expired.

starting in August 2015 — five years before the '894 patent was set to expire. *Id.* Watson agreed to promote branded AndroGel to urologists, and Par agreed to promote it to primary care physicians. Par/Paddock also agreed to provide back-up manufacturing capabilities for the branded AndroGel product. *Id.* In return, Solvay agreed to pay Paddock/Par \$10 million per year for six years and an additional \$2 million per year for the back-up manufacturing services. *Id.* Solvay also agreed to share a portion of its AndroGel profits with Watson and projected that the payments to Watson would be between \$19 million and \$30 million per year. *Id.*

The settlement agreements were reported to the Federal Trade Commission (“FTC”) as required by law, and the FTC subsequently filed an antitrust lawsuit against Solvay, Watson, Paddock and Par. *Id.* The FTC claimed that the settlement agreements were unlawful agreements not to compete in violation of Section 5(a) of the Federal Trade Commission Act. *Id.* According to the FTC, the agreements were attempts to defer generic competition for the branded AndroGel product by postponing the entry date of the generic drugs, which maintained Solvay’s monopoly and allowed the parties to share those monopoly profits at the expense of consumers. *Id.* The FTC’s claim was based on the FTC’s allegation that Solvay would have lost the underlying patent litigation and the '894 patent would therefore not have barred the generic manufacturers from bringing their generic AndroGel products to market. *Id.*

The district court granted the defendants’ Rule 12(b)(6) motion to dismiss the FTC’s complaint because Eleventh Circuit precedent immunized reverse payment settlement agreements from antitrust attack unless a settlement imposes an exclusion greater than that contained in the patent at issue. *In re AndroGel Antitrust Litig.*, 687 F.Supp.2d 1371 (N.D. Ga. 2010). The FTC had not alleged that the settlement agreements exceeded the scope of the '894 patent. Indeed, the settlement agreements provided that the generic manufacturers could market generic AndroGel five years *before* the '894 patent was set to expire. On appeal, the Eleventh Circuit affirmed the dismissal because the FTC had not alleged that the patent infringement litigation was a sham litigation, that the '894 patent was obtained by fraud, or that any anticompetitive effects of the settlement agreements were outside the scope of the exclusionary potential of

the '894 patent. *Watson Pharms.*, 677 F.3d 1298 (11th Cir. 2012).

As discussed above, today the U.S. Supreme Court reversed the Eleventh Circuit, concluding that the Eleventh Circuit should have allowed the FTC’s lawsuit to proceed using a rule-of-reason analysis. Aside from noting “traditional antitrust factors such as likely anticompetitive effects, redeeming virtues, market power, and potentially offsetting legal considerations present in the circumstances,” 570 U.S. \_\_\_\_ (2013), Slip Op. at 9-10, Justice Breyer, writing for the majority<sup>3</sup>, provided almost no guidance for how lower courts should analyze reverse payment agreements. Instead, the Court simply stated that “trial courts can structure antitrust litigation so as to avoid, on the one hand, the use of antitrust theories too abbreviated to permit proper analysis, and, on the other hand, consideration of every possible fact or theory irrespective of the minimal light it may shed on the basic question – that of the presence of significant unjustified anticompetitive consequences.” *Id.* at 21. Apparently struck by this lack of guidance, Chief Justice Roberts, writing for the dissent<sup>4</sup>, commented, “Good luck to the district courts that must, when faced with a patent settlement, weigh the ‘likely anticompetitive effects, redeeming virtues, market power, and potentially offsetting legal considerations present in the circumstances.’” 570 U.S. \_\_\_\_ (2013), Dissenting Op. at 15.

Citing the Court’s holdings in *United States v. Singer Mfg. Co.*, 374 U.S. 174 (1963) and *United States v. New Wrinkle, Inc.*, 342 U.S. 371 (1952), the Court asserts that its precedents make clear that patent-related settlement agreements can sometimes violate antitrust laws and that there is nothing novel about its holding in *FTC v. Actavis, Inc.* 570 U.S. \_\_\_\_ (2013), Slip Op. at 10, 12. However, Chief Justice Roberts disagreed, saying that *Singer* and *New Wrinkle* do not support the majority’s rule, but instead stand for the proposition “that when a patent holder acts *outside* the scope of its patent, it is no longer protected from antitrust scrutiny by the patent.” 570 U.S. \_\_\_\_ (2013), Dissenting Op. at 6 (emphasis in original). Chief Justice Roberts also commented:

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<sup>3</sup> The majority included Justice Breyer, Justice Kennedy, Justice Ginsburg, Justice Sotomayor, and Justice Kagan.

<sup>4</sup> Justice Thomas and Justice Scalia joined Chief Justice Robert’s dissent.

The majority points to *no* case where a patent settlement was subject to antitrust scrutiny merely because the validity of the patent was uncertain. Not one. It is remarkable, and surely worth something, that in the 123 years since the Sherman Act was passed, we have never let antitrust law cross that Rubicon.

*Id.* at 8 (emphasis in original).

The majority does acknowledge that the Eleventh Circuit's rule<sup>5</sup> found support in the general policy favoring the settlement of disputes. The majority also acknowledged the Eleventh Circuit's "practical concern . . . that antitrust scrutiny of a reverse payment agreement would require the parties to litigate the validity of the patent in order to demonstrate what would have happened to competition in the absence of the settlement." 570 U.S. \_\_\_\_ (2013), Slip Op. at 14. However, the Court concluded that five sets of considerations led them to adopt the rule-of-reason analysis: (1) "the specific restraint at issue has the 'potential for genuine adverse effects on competition'"; (2) "the[] anticompetitive consequences will at least sometimes prove unjustified"; (3) "where a reverse payment threatens to work unjustified anticompetitive harm, the patentee likely possesses the power to bring that harm about in practice"; (4) "an antitrust action is likely to prove more feasible administratively than the Eleventh Circuit believed"; and (5) "the fact that a large, unjustified reverse payment risks antitrust liability does not prevent litigating parties from settling their lawsuit." *Id.* at 14-19.

As the dissent points out, it is not clear that the Court's five sets of considerations are always true. For example, the Court posits that "an antitrust action is likely to prove more feasible administratively than the Eleventh Circuit believed" because it concludes that "it is normally not necessary to litigate patent validity to answer the antitrust question." 570 U.S. \_\_\_\_ (2013), Slip Op. at 18. According to the majority, this is so because "[a]n unexplained large reverse payment itself would normally suggest that the patentee has serious doubts about the patent's

survival." *Id.* In that case, "the size of the unexplained reverse payment can provide a workable surrogate for a patent's weakness, all without forcing a court to conduct a detailed exploration of the validity of the patent itself." *Id.* at 19. This assumption is, of course, not always true. As the dissent points out, "[a] patent holder may be 95% sure about the validity of its patent, but particularly risk averse or litigation averse, and willing to pay a good deal of money to rid itself of the 5% chance of a finding of invalidity." 570 U.S. \_\_\_\_ (2013), Dissenting Op. at 13. The dissent also explained:

[I]n any such antitrust suit, the defendant (patent holder) will want to use the validity of his patent as a defense – in other words, he'll want to say "I can do this because I have a valid patent that lets me do this." I therefore don't see how the majority can conclude that it won't normally be "necessary to litigate patent validity to answer the antitrust question," unless it means to suggest that the defendant (patent holder) cannot raise his patent as a defense in an antitrust suit. But depriving him of such a defense – if that's what the majority means to do – defeats the point of the patent, which is to confer a *lawful* monopoly on its holder.

570 U.S. \_\_\_\_ (2013), Dissenting Op. at 12 (emphasis in original; internal citations omitted).

It also remains unclear how far the Court's holding in *FTC v. Actavis, Inc.* will reach. While this opinion addresses reverse payment agreements in the context of Hatch-Waxman patent litigation, the Court's opinion could be read as applicable to any settlement agreement that involves intellectual property rights and includes a "large" payment to the alleged infringer. Although the majority asserts that "most if not all reverse payment settlement agreements arise in the context of pharmaceutical drug regulation," 570 U.S. \_\_\_\_ (2013), Slip Op. at 2, Chief Justice Roberts describes this characterization as "unlikely" and "fear[s] the Court's attempt to limit its holding to the context of patent settlements under Hatch-Waxman will not long hold." 570 U.S. \_\_\_\_ (2013), Dissenting Op. at 11.

It remains to be seen if *FTC v. Actavis, Inc.* will affect either the number of reverse payment agreements or

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<sup>5</sup> As discussed above, the U.S. Court of Appeals for the Eleventh Circuit adopted a rule that, absent sham litigation or fraud in obtaining the patent, a reverse payment settlement is immune from antitrust attack so long as its anticompetitive effects fall within the scope of the exclusionary potential of the patent. *Watson Pharms.*, 677 F.3d at 1312.

the number of ANDA's filed by generic pharmaceutical manufacturers. The Court appears to acknowledge that its holding may reduce the number of settlements, but suggests that the parties to a Hatch-Waxman patent litigation may still "settle in other ways, for example, by allowing the generic manufacturer to enter the patentee's market prior to the patent's expiration, without the patentee paying the challenger to stay out prior to that point." 570 U.S. \_\_\_\_ (2013), Slip Op. at 14, 19. However, as the dissent points out, it may be that "there . . . [is] no incentive to settle if, immediately after settling, the parties would have to litigate the same issue – the question of patent validity – as part of a defense against an antitrust suit." 570 U.S. \_\_\_\_ (2013), Dissenting Op. at 11.

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# Historic Patent Act Whets Washington's Appetite

BY STUART P. MEYER

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On March 16, the most significant provisions of the America Invents Act (AIA) came into force. The AIA was seen as the most extensive alteration to patent law in half a century, and was hotly debated over nearly a decade. The changes under the AIA were in some ways fundamental, moving us from a “first to invent” system to the system used in the rest of the world that rewards the first inventor to file a patent application. Particularly in view of the other issues commanding the attention of Congress, commentators suggested that IP issues were not likely to rise to prominence again anytime soon. Those commentators were wrong.

The stage is set for further major revisions to U.S. patent law in the coming year. In addition, there is a serious call in Congress for a major overhaul to copyright law. There is even a strong push to enact a new federal trade secrets law. These proposals are not just minor technical amendments to a current statutory scheme. They represent instead a fundamental rebalancing of the quid pro quo on which each of these IP protections is based.

The proposal for patent reform is the most surprising given the recency of the AIA. Five separate drafts have been put forward in the past few months by a wide cross-section of senators and representatives. Most of the proposals deal with abusive patent litigation.

The most common theme of these proposals is a requirement to disclose the real party in interest behind a patent. In recent years, many patent holders have sought to operate as anonymously as possible through layers of holding companies. In some instances, accused infringers are unable to communicate with the patent owner but instead are limited to working with licensing agents. It is thought that this lack of transparency results in fewer opportunities to resolve disputes short of litigation.

Cost-shifting is another common thread: Those who bring untenable positions should pay for their tactics. Other proposals provide for stays of litigation against end users while a case proceeds against a manufacturer, a heightened pleading standard for patent cases (e.g., claim-by-claim identification of exactly what allegedly infringes), and changes in discovery rules relating to patent cases. There is also a proposal to reconcile the different claim construction standards used by the U.S. Patent and Trademark Office (PTO) and the courts.

These proposals came before the Obama administration's public push June 4 to address abuses by “Patent Assertion Entities” (expressly equated with the pejorative term “patent trolls”). The report, titled “Patent Assertion and U.S. Innovation,” proposes a host of reforms, ranging from heightened PTO examination standards to reducing the “disparity of litigation costs between patent owners and technology users.”

On the copyright side, House Judiciary Committee Chair Bob Goodlatte, before proposing one of the patent bills, stated that he will be holding hearings on whether new copyright legislation is necessary. Many have advocated for such legislative reform in view of various advances in technology. The Digital Millennium Copyright Act (DMCA) appeared in 1998 based on studies done several years before that, well before many of the technologies now in widespread use were invented. Congress has already begun work in this direction. A House subcommittee held a hearing June 6 regarding amendments to the DMCA to permit consumers to unlock cell phones without approval from their cellular carriers (such attempts might otherwise obviate technical protection measures in violation of the DMCA). Any such reform efforts in Congress will be met with intense lobbying

efforts from both the entertainment industry and the technology sector. Just as the AIA was nearly a decade in the making, the next revision to copyright law may likewise take many years to engineer.

The trade secret has traditionally been the poor cousin of the constitutionally supported patent and copyright. Although federal trade secret legislation has been in place for some time, both via the Economic Espionage Act (EEA) and the Computer Fraud and Abuse Act (CFAA), there has been no federal counterpart to the Uniform Trade Secrets Act (UTSA), the model law on which most states have based their trade secrets statutes. Some significant disadvantages stem from trade secrecy being protected primarily by state law. It is difficult for the U.S. to negotiate minimum standards in treaties when there is no corresponding federal law. It is also challenging to bring trade secret misappropriation lawsuits against foreign entities under state law, as some service, discovery and other procedures are difficult to employ in the various state court systems.

Last summer, the Protecting American Trade Secrets and Innovations Act (PATRIA, S.3389) was introduced to add a federal private right of action for trade secret misappropriation. On June 20, Rep. Zoe Lofgren of California introduced the “Private Right of Action Against Theft of Trade Secrets Act of 2013.” This 2-page bill adds a private civil right of action to the EEA.

Both Congress and the Obama administration have been closely watching trade secrecy cases involving foreign entities, most notably those bearing some connection with China. In February, the office of the IP Enforcement Coordinator (IPEC) issued a report entitled, “Administration Strategy on Mitigating the Theft of U.S. Trade Secrets.” One of IPEC’s primary recommendations was improved domestic legislation. IPEC opened a comment period in March seeking input on whether new legislation is needed. The comments that IPEC received referred extensively to PATRIA and

the need to consider addition of a federal civil cause of action for trade secret misappropriation. Likewise, the U.S. Trade Representative’s Special 301 Report, issued in early May, also called for improved trade secrets legislation.

IP issues are often overwhelmed by more pressing issues in Congress. It may be that none of these initiatives gets very far in the near term. However, the fact that Congress and the Obama administration are both actively seeking legislative solutions in ongoing patent, copyright, and trade secrecy areas suggests that change is once again in the air.

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Mr. Meyer counsels clients on intellectual property matters, including technology-based litigation, performing strategic intellectual property planning and intellectual property audits for technology companies, and securing patent, copyright, and other intellectual property rights. He has extensive experience in patent reexaminations and other post-grant disputes, has written widely on the new America Invents Act as well as the PTO’s final rules implementing the AIA, and serves on the PTO’s pro bono steering committee for California.

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This memorandum explains the duty to disclose associated with your U.S. patent application under United States Patent and Trademark Office (USPTO) rules.

### Who has a duty to disclose?

Everyone associated with filing or prosecuting the application owes a duty of candor and good faith to the USPTO. That obligation includes disclosing material information related to patentability of the pending claims. Examples of people subject to this duty include:

- each inventor;
- each attorney or agent who prepares or prosecutes the application;
- every other person who is substantively involved in the preparation or prosecution of the application; and
- individuals other than the attorney, agent, or inventor, who have disclosed information to the attorney, agent or inventor.

### How do I satisfy the duty?

Your duty is satisfied by providing us with the relevant information. We will in turn review the information and submit it to the USPTO if necessary, via a document known as an Information Disclosure Statement (IDS).

### What information should be disclosed to the USPTO?

You should disclose any publication of which you are aware that describes a device or method similar to that claimed in the patent application, or that discloses a significant concept or feature of the invention. Publications include, for example, printed documents such as patents, articles, promotional literature, user manuals, and conference proceedings; and electronic files publicly available anywhere on the Internet, the World Wide Web, or any other computer service or network.

### Are publications and patents the only items that must be disclosed?

No. You should disclose any public use, public disclosure, sale, or offer for sale of the invention or any similar device that occurred anywhere in the world prior to the filing date of the application. A public use or disclosure is one made to others who are not under an obligation of confidentiality. Offers for sale may include promotional displays, marketing tests, price lists, beta tests, or other acts indicating an intent to commercialize the invention, whether made in public or under a non-disclosure agreement. You should also disclose any knowledge or use of the invention by others, of which you are aware, before your filing date.

### Do you need copies of the relevant documents from me?

At a minimum, we need citations to the relevant documents that you have identified. Depending on the nature of the document cited, we may need to obtain a copy of the document from you or from a third-party source. If you do provide a copy of a relevant document, you should make sure that the copy of the material that you send us is legitimate and that you have complied with all third party rights, including copyrights, in obtaining the material. By forwarding any material to us, you are confirming that you have all necessary rights to do so, and we will rely on your representation in connection with our use and potential disclosure of the material to the USPTO. If you are not sure about whether you have the necessary rights, please let us know and we will work with you to obtain the document with all required rights.

### Do I have to disclose my own publications or patents?

Yes. You should submit all publications, patents, and other information, even if you are the author or inventor.

### Do I have to do a search for prior art?

No. You have to disclose only that material information of which you are actually aware. You do not have to search actively for such information. However, we suggest that you thoughtfully consider any publications you have access to, and any public uses, public disclosures, sales, and offers for sale that may have

been made by the company, by you, or by others associated with you.

### **What happens if I fail to disclose information of which I am aware?**

Failure to make a full disclosure, as described above, may seriously jeopardize the patent owner's ability to enforce any patent that might issue. Willful failure to provide material information may cause any subsequently issued patent to be unenforceable and may result in an action for damages against the patent owner. Where any doubt exists, we encourage you to bring the relevant information to our attention so that we can determine whether it should be disclosed to the USPTO.

### **How long does the duty of disclosure last?**

The duty of disclosure is an ongoing duty that lasts throughout the pendency of the patent application. Accordingly, if you become aware of any material information at any time before the patent issues, you should promptly forward it to us for timely submission to the USPTO.

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# Options for Obtaining International Patent Protection



This memo outlines various options and costs for obtaining patent protection outside the U.S. Please note that these cost estimates are approximate and are dependent upon many factors, including the complexity and length of the application, the number of claims, the duration and extent of the prosecution, current exchange rates, and fees charged by foreign authorities, translators and counsel.

## DETERMINE WHERE PATENT PROTECTION IS DESIRED

Nearly every country has its own patent system, and patents issued by any one country are typically enforceable only within the borders of that country. A patent on a widget issued by the [United States Patent and Trademark Office](#) (USPTO), for example, cannot be used to prevent a German company from selling the German-made widget in Germany or in any country other than the U.S.

In deciding whether to file international applications, pertinent factors include where others might be expected to manufacture competing goods, where substantial sales of the patented product are expected, and where enforcement of patent rights is likely to be cost effective.

Although every patent applicant has different interests, the countries in which our clients most often file include Australia, Canada, China, Europe (which is treated as a single country for examination purposes), Japan and Korea.

An additional consideration is the potential loss of secrecy surrounding the application that results from international filing. An application originally filed only in the U.S. is not required to be published unless and until it matures into a granted patent. If, however, the subject matter of that application is filed outside of the U.S., both the U.S. and the foreign application(s) will be published while they remain pending, and the complete file histories of the applications will be available to the public. In addition to signaling the public as to the company's patent strategy, the publication will also result in the loss of any trade secret protection for the published subject matter.

## INTERNATIONAL FILING OPTIONS

Under the widely adopted [Paris Convention](#), a patent application filed in another country can benefit from the earlier U.S. application's filing date. That is, the foreign application will be treated for purposes of searching the prior art as though it had been filed in the foreign country on the same day as was the U.S. application. The treaty requires that any foreign applications be filed within one year of the original filing.

### *File Directly in National Patent Offices*

One option is to file a patent application directly in the patent office of a selected country. Examination by that country's patent office can be requested immediately, which may result in a quickly issued patent. This approach is typically most helpful when only a small number of countries are of interest, because the filing fees are due immediately and may be large. In addition, because each patent office will examine each application independently, the claims that issue in each of the different countries may differ substantially from each other.

The cost of filing a patent application in a national patent office ranges from about \$3,000 to \$11,000 per country, including attorney fees and translation costs. Japan is typically among the more expensive countries in which to file an application, and Australia and Canada are typically among the least expensive. These costs are for *filing* a patent application, and not for *obtaining* a patent, or *maintaining* the patent application and eventual issued patent. These additional costs occur over a period of years following filing as the application is prosecuted in each country. In some countries, maintenance fees must be paid on a yearly or bi-yearly basis while the application is pending, and these fees can be quite expensive, ranging from hundreds to even thousands of dollars over the life of an application and issued patent.

# Options for Obtaining International Patent Protection



## ***File a Patent Cooperation Treaty Application***

An alternative to the direct national (or regional) filings described above is a filing under the [Patent Cooperation Treaty](#) (PCT). The PCT is an enhancement to the Paris Convention, and the same filing deadline applies—a PCT application must be filed within one year of an original filing to claim the benefit of the earlier priority date. As with the Paris Convention, almost every major [country](#) is a signatory to the PCT. Of the few countries that are not signatories, the most notable is Taiwan.

A PCT application is examined by a search authority chosen by the applicant (typically the USPTO, the [European Patent Office](#) (EPO), [Korean Intellectual Property Office](#) (KIPO), or [Chinese Patent Office](#) (SIPO)). Following the search, the applicant has the option of providing a written response and amending the claims. At the conclusion of this process, the applicant designates individual countries or regional offices in which to proceed with prosecution. The designated offices receive and review the proceedings from the international phase, and often use the international search as a basis for their own examination. Importantly, the application still has to be prosecuted separately in each national office, and the individual patent offices are not bound by the findings from the international phase.

A PCT application provides a number of advantages, including the deferral of national filing fees and translation costs and a more consistent examination across different patent offices. The timeline of the PCT process allows an applicant to wait until 30 months (or longer, in some countries) before having to decide on specific countries in which to file. In addition, the prior art search and examination report prepared by the PCT search and examination authorities allow the applicant to make a more informed choice about whether and where to proceed. And although the national patent offices are not required to adhere to findings made during the international phase, in practice examiners tend to rely extensively on those findings, which affords the applicant the opportunity to make similar amendments and arguments in multiple countries, reducing the overall cost.

Including legal fees, the cost of filing a PCT application usually ranges from \$3,000-\$5,000, depending on which searching authority is chosen and the number of pages in the application. If the applicant chooses to file a response and amendments following the international search report, additional costs typically ranging from \$1,500-\$4,000 will be incurred.

Because not all countries are signatories to the PCT, please check [this list](#) prior to filing and let us know if there are countries of interest to you (including Taiwan) that are not included in the PCT. Protection can be obtained in those countries by filing direct national applications as described earlier.

## ***Filing in Europe***

Some countries have agreed amongst themselves to have a single patent authority examine applications on behalf of all of the member countries. Most notable of these [Regional Patent Offices](#) is the [European Patent Office](#) (EPO). A single EPO application (filed either directly or via the Patent Cooperation Treaty), is examined by a central office on behalf of up to 38 European countries. Once the EPO finds a patent application to be allowable, the applicant can bring the patent into force by paying a grant fee (and usually a translation fee) in any or all of the 38 countries.

The EPO examines applications on behalf of the following [countries](#): Albania, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Greece, Germany, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malta, Monaco, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, and United Kingdom.

If you are interested in obtaining protection in more than a single European country, it typically makes sense to file in the EPO rather than in the countries individually.

For additional information and specific legal advice, please contact us.

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On June 14, 2013, a unanimous Supreme Court decision in *Ass’n for Mol. Pathology v. Myriad Genetics, Inc.*, held that Myriad’s claims directed to “...a naturally occurring DNA segment is a product of nature and not patent eligible merely because it has been isolated.” 569 U.S. \_\_\_\_ (2013), Slip Op. at 18. In addition, the Court held that “...cDNA is patent eligible because it is not naturally occurring.” *Id.*

What remains unclear is the reach of the *Myriad* holding to other patented inventions that also rely on “isolation” as the basis for patent eligibility. A number of useful and commercially-valuable therapeutics are isolated forms of naturally-occurring products such as proteins (e.g., fully-human monoclonal antibodies). Following *Myriad*, the validity of claims directed to such isolated products may soon be called into question in U.S. courts or by examiners at the U.S. patent office.

Containing the reach of *Myriad* in such venues will ultimately require patent practitioners to explain why *Myriad* should be limited to DNA and not extended to other naturally-occurring products (that were not at issue in *Myriad*). Without offering more, success may be difficult to come by since the parallels between isolated DNA molecules encoding naturally-occurring (i.e., genomic) sequences and isolated therapeutic proteins originally expressed within cells harboring these genomic sequences are so readily apparent. Isolating these molecules from their natural source allowed them to be characterized and exploited in new and previously unimaginable ways. The novel utilities of such isolated therapeutic molecules have provided the theoretical underpinnings for their patent eligibility. *Parke-Davis & Co. v. H.K. Mulford Co.*, 189 F. 95, 103 (C.C.S.D.N.Y. 1911). Now, after *Myriad*, mere isolation may not suffice to confer patent eligibility,

raising the spectre that therapeutic proteins encoded by any organism’s genome also may be excluded from patent eligibility as a “product of nature.”

It can therefore be challenging to see a path for continued patent eligibility of other biologically-encoded molecules if *Myriad*’s holding is construed to mean that DNA molecules carrying genomic sequences are not patent eligible under §101 simply because they have been isolated from the surrounding genetic material. However, in explaining its decision, the *Myriad* Court pointed out that: “genes *and the information they encode* are not patent eligible under §101 simply because they have been isolated from the surrounding genetic material.” Slip Op. at 18 (emphasis added).

The Court’s language suggests that two overlapping but distinct considerations were fundamental to its holding regarding the patent ineligibility of isolated DNA:

1. Identity of the isolated DNA sequence and the corresponding naturally-occurring DNA sequence; and
2. The informational content utility of a naturally-occurring DNA sequence, i.e., the inherent, passive code provided by an ordered sequence of A, G, C, and T.

In *Myriad*, the Court continuously laid the groundwork for the inseparable nature of DNA sequence and the information it encodes by referring not just to DNA as a sequence, but instead as an information-containing sequence: “Sequences of DNA nucleotides contain the information necessary to create strings of amino acids, which in turn are used in the body to build proteins.” Slip Op. at 2. “DNA’s informational sequences and the processes that create mRNA, amino acids, and proteins occur naturally within cells.” Slip Op. at 3. “It

is undisputed that Myriad did not create or alter any of the genetic information encoded in the BRCA1 and BRCA2 genes.” Slip Op. at 11-12.

In its ensuing legal analysis, the Court made clear that it was not analyzing the claimed subject matter merely for the claimed DNA sequence alone, stating: “Nor are Myriad’s claims saved by the fact that isolating DNA from the human genome severs chemical bonds and thereby creates a nonnaturally occurring molecule. Myriad’s claims are simply not expressed in terms of chemical composition, nor do they rely in any way on the chemical changes that result from the isolation of a particular section of DNA.” Slip Op. at 14. Instead the Court focused its analysis primarily on the informational content of the DNA sequence, stating that the claims “...understandably focus on the *genetic information* encoded in the BRCA1 and BRCA2 genes ...[and are] ...concerned primarily with the *information contained in the genetic sequence*, not with the specific chemical composition of a particular molecule.” Slip Op. at 14-15 (emphasis added).

Finally, the Court clarified its holding, stating: “We merely hold that *genes and the information they encode* are not patent eligible under §101 simply because they have been isolated from the surrounding genetic material.” Slip Op. at 18 (emphasis added).

This analysis suggests that two fundamental elements are *both* needed to find ineligibility for an isolated compound under §101: identity of structure *and* informational content. The statement that “...genes *and* the information they encode are not patent eligible...” indicates that the Court considered both elements, suggesting that the absence of a single element may be enough to avoid ineligibility of an isolated compound. *Id.* This reading, that two elements may both need to be present to find ineligibility, is strengthened by the Court’s holding regarding cDNA, which contains the same information as naturally occurring DNA but is structurally distinct from naturally occurring DNA.

Given the claims at issue in *Myriad* itself, cDNA presents the primary test case with an ascertainable

outcome available for consideration of the necessity of each element. In *Myriad*, the Court defines cDNA as DNA containing “...the same protein-coding information found in a segment of natural DNA...” Slip Op. at 1. However, in addressing the patent eligibility of cDNA the Court does not consider this informational content enough to void its eligibility and instead holds that: “cDNA retains the naturally occurring exons of DNA, but it is distinct from the DNA from which it was derived. As a result, cDNA is not a ‘product of nature’ and is patent eligible under §101...” Slip Op. at 17. Thus, the Court defined cDNA as meeting only one element (informational content) but still considered it patent eligible due to sequence-based differences with naturally occurring DNA (structural identity).

The Court also discussed another factual situation in *Myriad* that falls outside the scope of the holding: “Nor do we consider the patentability of DNA in which the order of the naturally occurring nucleotides has been altered. Scientific alteration of the genetic code presents a different inquiry, and we express no opinion about the application of §101 to such endeavors.” Slip Op. at 18. Situations involving nucleotide substitutions that create a nucleotide sequence distinct from its naturally occurring parent sequence, but that still encode an identical protein, present one of the more challenging inquiries in this regard. However, if each element were applied as it was to cDNA it is likely that such substituted nucleotide sequences would be considered patent eligible since they are structurally distinct from the naturally-occurring sequence even though they both encode the same protein. Given the Court’s holding that simple removal of non-coding introns from a naturally occurring sequence is enough to confer patent eligibility for cDNA, this seems likely to be the correct outcome following *Myriad*. Instead, obviousness likely presents the more relevant legal consideration for such situations.

Therapeutic proteins present a situation similar to that presented by cDNA. While cDNA is structurally distinct from naturally-occurring DNA (cDNA lacks intron sequences), it is unlikely that many isolated therapeutic proteins bear significant structural

differences to their naturally occurring counterparts. Even if minor physical differences could be ascertained in an isolated therapeutic protein, it is unlikely that a court would consider such differences to be “enough” given the holding of *Myriad* and the fact that minor differences that exist between isolated and genomic DNA were well documented for the Court. *Association of Molecular Pathology v. United States Patent and Trademark Office*, 689 F. 3d 1303, 1328 (CA Fed. 2012). However, therapeutic proteins are different from cDNA in that they do not inherently contain information in the same way that DNA does, i.e., the amino acid sequence of a protein does not passively convey any downstream information in and of itself. Their sequence is not a “code” for anything in the way that DNA codes for mRNA or that mRNA codes for a protein. Instead their sequence of amino acids represents building blocks that combine to form a whole with a function distinct from passive information conveyance. Thus, applying each element to an isolated therapeutic protein suggests that patent eligibility should still exist for such compounds under §101, i.e., isolated therapeutic proteins are similar to cDNA in that they only meet one element (structural identity) but could reasonably be considered patent eligible since their sequence does not inherently convey information in the unique way that DNA does (informational content).

This analysis and outcome is further supported by policy considerations that likely influenced the Court and caused it to highlight the informational content of DNA so heavily throughout the *Myriad* opinion. *Myriad*’s claims to naturally-occurring DNA were enforced in a way that prevented individuals from freely accessing their own genetic information without paying a toll to *Myriad* first; however claims to isolated, naturally-occurring proteins do not present such a concern. The basic utility of an isolated therapeutic protein is different from that of isolated DNA because therapeutic proteins are primarily useful for performing functions such as binding to other proteins whereas, in the diagnostic arena, DNA is solely useful for its informational content. In other words, public policy and the utility considerations of §101 may have influenced the

Court’s holding regarding patentable subject matter more than was explicitly stated in the *Myriad* opinion. This fundamental difference in utility between DNA and therapeutic proteins underlies the second element used to find patent ineligibility for DNA: The informational content of a DNA sequence, i.e., the inherent, passive code provided by an ordered sequence of A, G, C, and T.

At present it is unclear whether the courts will expand or restrict the reach of *Myriad* beyond DNA. However, patent practitioners can work toward restricting *Myriad*’s ultimate reach by providing more than a conclusory statement that *Myriad* should be limited solely to DNA. Advocating for consideration of each element (structural identity and informational content) in the context of isolated products such as therapeutic proteins can provide a cogent argument that can be combined with others to increase the likelihood of limiting *Myriad*’s reach to DNA alone.

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# Who Gives A Sheet About Graphene?

BY PAUL SMITH

Fenwick  
FENWICK & WEST LLP

Graphene—a sheet of graphite that is one carbon atom thick—has been the subject of research efforts since the 1960s. With recent advances in synthesis methods, development of graphene-based inventions and the corresponding patent activity has intensified in the field.

But what makes graphene so different from other materials? And what is driving a level of patent activity that is so intense that it has been described as a “land-grab”?<sup>1</sup> More importantly, how do inventors of more recent graphene-based inventions make headway at the Patent Office in light of the trend? This article will first discuss the technological and commercial importance of graphene, and then outline strategies for patenting graphene-based inventions.

## Technological and Commercial Implications of Graphene

Unlike most of technological advances of the past 20 years, graphene has the potential to revolutionize dozens of unrelated industries. The very unusual physical, chemical, electrical and optical properties of graphene are applicable to a dizzying array of technologies. Promising results have been shown for graphene in fuel cells, catalysts, optical displays and many other applications.

Graphene is easily adaptable to a variety of applications, which simplifies some aspects of product development. For example, graphene can be easily mixed with plastics, lending its incredible intra-sheet strength to a plastic matrix and making the combined material much stronger. Improving strength (and other properties including resistance to chemical or thermal degradation, conductivity, etc.) inspires both the creation of new products and the improvement of existing products.

Bulk graphene has also been tested as a catalyst for chemical reactions, improving reaction rates and yields far more than conventional transition metal catalysts. For example, graphene has been used in fuel cells to improve the efficiency of electricity production.

Graphene can not only be mixed in a bulk material, but can also be deposited as a thin film in the fabrication of electronics. These thin films can lead to new computer processors and faster, more efficient and smaller electronic devices.

The above list is a small sampling of the wide variety of graphene applications that have shown promising results. Undoubtedly, graphene has more exotic properties yet to be discovered. This is because the electrons within the two-dimensional structure of graphene are influenced by quantum mechanical effects. These effects create unusual electrical, conductive and optical properties that have yet to be fully appreciated, let alone applied commercially.

In short, graphene fits the materials engineering paradigm in which the structure of the material, its properties, and the methods used to process the material are all connected to each other. Because of this connection, changing one of these elements affects the other two. This complicates the study of the material, but it also enables a designer material to be crafted for a specific product or application by using each of the structure, properties, and processing intentionally. Graphene’s adaptable form and unique properties make it a text book example for this paradigm, and a candidate for application to many different technologies.

## Legal Complications in Patenting Graphene-Based Inventions

The intense patent activity in graphene stems from the enormous technological and commercial potential of graphene described above. The activity is analogous to “The Great Game” of the 19th Century, in which England and Russia vied to dominate the Middle East to control critical trade routes between Europe and Asia. Analogously, because graphene lies at the crossroads of dozens of distinct commercial and technological fields, inventors are vying to control the intellectual territory that will allow them to influence many of these distinct fields.

But because much of the territory underlying the graphene cross-roads has already been claimed, patenting graphene

<sup>1</sup> <http://www.materialstoday.com/blog/2013/1/25/the-best-thing-since-sliced-carbon-laurie-winkless/778.aspx>

poses challenges. Graphene, as a single sheet of carbon atoms (or an assembly a few sheets) has a relatively simple structure. This simple structure makes it more difficult to distinguish new inventions over inventions already described in patents or patent applications, many of which have very broad composition of matter claims.<sup>2</sup> In addition, the technology and legal background needed to understand and explain the uniqueness of a new graphene invention in the context of existing patents requires both specialization and breadth.

### Strategies for Patenting New Inventions

There are two key elements to overcoming these two challenges: 1) an understanding of graphene technology; and 2) an understanding of the landscape of the technical field in which the new graphene invention lies. Understanding graphene technology enables the patent application and claims to be drafted clearly and strategically. For example, patent claims can be written with an appropriate scope so that already known aspects of graphene technology are avoided. The patent claims can also be written strategically with different fallback positions built in to provide options when negotiating with the Patent Office. This controlled retreat allows the patent scope to be narrowed slowly, preserving as much breadth to the invention as possible in light of the prior art.

Understanding the landscape in which the invention lies also helps the author of the patent application to appropriately frame the invention, highlighting the interesting aspects of the invention in light of the known art. This contrast between the new invention and the known art, written clearly and persuasively, helps to explain to a patent examiner the benefits of the invention. These contrasts and benefits can then be used to identify or explain unexpected results of the invention. Unexpected results can be used to great effect when negotiating with the Patent Office. In particular, identifying an unexpected result can trump a rejection by essentially capturing aspects of the inventiveness that are difficult to appreciate within the normal analysis performed by a patent examiner.

Understanding the technology and landscape can be fueled by some research on the part of the patent application author. With over eight million issued patents, the Patent

Office file histories hold many lessons for the author of a patent application. Using a well-crafted search in the proper technology field, an author can identify new arguments, strategies, and patent prosecution techniques to incorporate into the application, and even creatively adapt arguments from different technologies. However, this must be done with thoughtfulness to avoid finding references that are relevant to the current invention, which must then be disclosed to the Patent Office.

### Summary

Unlike the incremental advances of much of the past 20 years, graphene has the potential to revolutionize a wide variety of critical technologies, from energy production to communication equipment. Accordingly, inventors have been busy patenting intellectual property to control critical territory in the graphene field. To advance more recently filed patent applications, inventors of new graphene-based technologies should be aware of the landscape in which they are inventing, and incorporate creative arguments and strategic negotiating positions into their applications.

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<sup>1</sup> E.g., U.S. Patent No. 7071258; as a side note, these broadly claimed inventions also make it challenging for new inventions to be practiced without risking patent infringement.

## Burdens of Section 101 following *Myriad*

KEVIN KABLER

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The Supreme Court's decision in *Association for Molecular Pathology v. Myriad Genetics Inc.*, 2013 DJDAR 7484 (2013), held that Myriad's claims directed to "a naturally occurring DNA segment is a product of nature and not patent eligible merely because it has been isolated." In addition, the court held that "cDNA is patent eligible because it is not naturally occurring."

Left largely unaddressed by this decision was who bears the initial burden during the patent examination process of showing that a claimed invention is in fact naturally occurring as well as what evidence is needed to meet that burden.

Shortly after *Myriad*, the U.S. Patent and Trademark Office (USPTO) issued a memorandum on June 13 instructing patent examiners to reject composition claims drawn solely to naturally occurring nucleic acids or fragments thereof. Unfortunately, the memorandum failed to address which party (patent applicant or patent examiner) bears the initial burden of demonstrating that the claimed invention is naturally occurring (or not) and what sort of evidence would need to be presented, if any, to make that showing. No additional *Myriad*-related guidance has been issued by the USPTO to-date.

The examination guidelines of the Manual for Patent Examining Procedure (MPEP) for Section 101 provide some additional insight in Section 2106: "USPTO personnel should review the totality of the evidence (e.g., the specification, claims, relevant prior art) before reaching a conclusion with regard to whether the claimed invention sets forth patent eligible subject matter. USPTO personnel must weigh the determinations made above to reach a conclusion as to whether it is more likely than not that the claimed invention as a whole either falls outside of one of the enumerated statutory classes or within one of the exceptions to statutory subject matter. 'The examiner bears the initial burden... of presenting a *prima facie* case of unpatentability.' *In re Oetiker*, 977 F.2d 1443,

1445, 24 USPQ2d 1443, 1444 (Fed. Cir. 1992). If the record as a whole suggests that it is more likely than not that the claimed invention would be considered a practical application of an abstract idea, physical phenomenon, or law of nature, then USPTO personnel should not reject the claim."

This section of the MPEP states that the initial burden of presenting a *prima facie* case of unpatentability under Section 101 falls on the patent examiner based on Federal Circuit precedent from 1992. However, the guidance offered by this section of the MPEP fails to clearly consider what sort of evidence, beyond the "totality of the evidence," is needed for the patent examiner to make such a *prima facie* case, and in particular what evidence is needed to make a *prima facie* case against a composition claim.

A patent ineligible composition claim drawn solely to a naturally occurring product would necessarily be directed to something that must physically exist in nature. As a result, assuming that the naturally occurring product has been reported at some point in time in the literature, the evidence needed to demonstrate that a claimed composition is directed to a naturally occurring product should be ascertainable and identifiable within the art, both the prior art and non-prior art. So, while it can be challenging to determine whether a particular method claim may or may not be directed to an abstract idea; it should not be unduly challenging to determine whether the subject matter of a composition claim physically exists in nature. The evidence necessary to make such a determination, and thus a *prima facie* case, should be ascertainable by a patent examiner, e.g., via routine database searching. Though such searching should be more broadly conducted by the patent examiner to also include literature that would not qualify as prior art under Section 102 or Section 103 since the scope of Section 101 is not limited by application filing or invention dates.



The more challenging inquiry is what to do in the event that a claimed composition might be naturally occurring but no significant evidence can be found in the literature to make the needed determination for patent eligibility purposes under Section 101. In this regard, the Supreme Court provided guidance for a similar situation in Footnote 8 of *Myriad*, stating: “The possibility that an unusual and rare phenomenon *might* randomly create a molecule similar to one created synthetically through human ingenuity does not render a composition of matter nonpatentable.” This indicates that the correct path for a patent examiner to take when faced with a situation involving a claimed composition that *might* exist in nature is to allow that claim to pass Section 101 scrutiny. Not only can a *prima facie* case not be made by a patent examiner in the absence of evidence showing the existence of a claimed composition in nature, but the Supreme Court has instructed that the possibility that it might exist in nature is also not enough.

Thus, when a composition claim is presented by a patent applicant the Section 101 inquiry should proceed with the initial burden falling on the patent examiner to determine whether the claimed composition is naturally occurring or not. If evidence can be ascertained (e.g., via database searching similar to the searching normally conducted for

examination under Section 102 or Section 103) that the claimed composition is naturally occurring then the claim should likely be rejected under Section 101 as ineligible for patenting in the U.S. However, if no significant evidence can be found by the patent examiner that the claimed composition exists in nature then the claim should pass Section 101 scrutiny even if the claimed composition might exist in nature.

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## Litigation Alert:

### Landmark Decision Limits the Authority of the International Trade Commission

DECEMBER 16, 2013

Fenwick  
FENWICK & WEST LLP

On Friday last week, the United States Court of Appeals for the Federal Circuit in *Suprema, Inc., et al. v. International Trade Commission*, Nos. 2012-1170, 2012-1026, -1124, Slip Op. December 13, 2013, issued a landmark decision limiting the statutory authority of the International Trade Commission (“ITC”) to remedy indirect infringement, holding “that an exclusion order based on a violation of 19 U.S.C. § 1337(a)(1)(B)(i) may not be predicated on a theory of induced infringement under 35 U.S.C. § 271(b) where direct infringement does not occur until *after* importation of the articles the exclusion order would bar.” Slip Op. at 4 (emphasis in original). The Court’s holding effectively renders patent infringement claims based purely on alleged inducement of infringement beyond the authority of the ITC.

The International Trade Commission, as an agency under the executive branch, derives its authority to ban unlawful importation from 19 U.S.C. § 1337 (often referred to as simply, “Section 337”), which authorizes the Commission to issue exclusion orders preventing “[t]he importation into the United States, the sale for importation, or the sale within the United States after importation by the owner, importer, or consignee, of **articles that... infringe** a valid and enforceable United States patent... .” 19 U.S.C. 1337(a)(1)(B) (emphasis added). The issue considered by the Federal Circuit, one that “ha[d] never [before] been presented to or decided by” the Court, was whether, in light of the Commission’s statutory authority being limited to importation of “articles... that infringe,” the Commission is authorized to issue an exclusion order preventing importation of a product on an inducement theory where the article being excluded does not infringe at the time of importation (*i.e.* where direct infringement does not occur until after the article crosses the border into the United States).

In the underlying ITC Investigation (*Certain Biometric Scanning Devices, Components Thereof, Associated Software, and Products Containing Same*, U.S.I.T.C. Inv. No. 337-TA-720), the Complainant, Florida-based Cross Match Technologies, Inc. (“Cross Match”), alleged that biometric (fingerprint) scanners sold

by Respondent Suprema, Inc. of South Korea (“Suprema”) infringed Cross Match’s ’344 patent related to fingerprint scanning technology when combined with software created by fellow Respondent Mentalix, Inc. of Plano, Texas (“Mentalix”). Suprema sold its fingerprint scanners in the United States through distributors such as Texas-based Mentalix, which packaged the scanners with a general purpose computer and fingerprint scanning software for sale to end-customers. Suprema did not provide the end-user software, but did provide a Software Development Kit (“SDK”) that allowed its customers and distributors to create their own software to operate the scanner. Suprema’s scanners, as well as its SDK—the only “articles” that were actually imported—were found not to infringe the ’344 patent when combined with software developed by other customers. Hence, the ITC concluded these items had substantial non-infringing uses, and did not contributorily or directly infringe. After a hearing and post-hearing briefing, the ITC found infringement of the ’344 patent as to Suprema, solely on the basis of inducement of infringement, where the claimed direct infringement took place only after importation into the U.S. Based on this finding, the ITC issued a limited exclusion order.

On appeal, Suprema argued, among other things, that the ITC had exceeded its statutory authority, as the “allegations of induced infringement d[id] not adequately connect the fact of importation to the ultimate infringement.” Slip Op. at 14. The Federal Circuit agreed.

In its discussion of Section 271(b) of the Patent Act governing inducement, and Federal Circuit case law interpreting the statute, the Court noted that “while the inducing act must of course precede the infringement it induces, it is not a completed inducement under § 217(b) until there has been a direct infringement.” Slip Op. at 21. The Court held that “[f]or inducement, the only pertinent articles are those which directly infringe—at the time of importation.” *Id.* at 25. The Court therefore found “that the Commission lacked the authority

to enter an exclusion order directed to Suprema's scanners premised on Suprema's purported induced infringement of the method claimed in the [Cross Match '344] patent." *Id.* The Court clarified that it was not divesting the ITC of authority to deal with indirect infringement by an "inducer"—but such authority would be limited to situations "where the article itself directly infringes when imported," rather than when the imported article may or may not later give rise to direct infringement. *Id.*

In a 15 page opinion concurring in part and dissenting in part from the three judge panel's majority opinion, Judge Reyna expressed concern that the majority's opinion was "enabling circumvention of the legitimate legislative objective of Section 337 to stop, at the border, articles involved in unfair trade." Judge Reyna noted that under the majority's opinion, an importer could avoid the reach of Section 337 by importing disassembled components of an infringing article, or an article practicing all but one step of a patented method, and reserving the final assembly of the last part or performance of the last step of the patented method, until after importation. Judge Reyna worried that such a holding would "create a fissure in the dam of the U.S. border through which circumvention of Section 337 will ensue... ."

The majority addressed Judge Reyna's concerns, writing that "virtually all of the mischief the dissent fears can be addressed by the ITC via resort to § 271(a) or § 271(c), or even to § 271(b) where the direct infringement occurs pre-importation."

While historically, the ITC was used by *domestic* companies to address infringement by *foreign* importers, given the practical realities of the cost of manufacturing high technology products, domestic companies now face exposure to potentially costly ITC proceedings based on their sale of devices manufactured abroad and imported into the United States. The ITC has become a popular forum for patent-holders, both because of the considerable expense of ITC proceedings and the speedy, statutorily-mandated time to resolution.

Makers of devices such as tablets, computers, and smartphones, are particularly vulnerable to claims that their general purpose devices infringe when combined with certain software or apps. Often this combination only occurs once the devices are put into use after importation into the U.S., such as when

an app is loaded onto a smartphone or tablet. The Court's holding in *Suprema* effectively removes the ITC as a forum for such disputes, where the only potential claim is for alleged inducement of infringement.

Fenwick & West LLP, through a trial and appellate team led by Litigation Group Chair Darryl M. Woo, and including team members Jae Won Song, Ilana Rubel, Bryan Kohm, David Lacy Kusters, Erin Simon, Lauren Whittemore and Ravi Ranganath, is pleased to have brought about this result for its clients, Suprema, Inc. and Mentalix, Inc.

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This Litigation Alert authored by Ravi Ranganath and Bryan Kohm.

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Emphasis:

Strategic Counseling

Patent Prosecution

Intellectual Property Due Diligence

Patent Litigation

Daniel Brownstone concentrates his practice on patent strategic counseling and prosecution, Dan's practice also includes intellectual property due diligence and patent litigation.

Among the companies he has represented are:

- Apple Inc.
- BitTorrent, Inc.
- Cisco Systems, Inc.
- Dropbox, Inc.
- Facebook, Inc.
- Google Inc.
- Harrah's Entertainment, Inc.
- Hewlett-Packard Company
- Intuit Inc.
- Virgin America Inc.

Dan received his undergraduate education at Duke University, graduating with an A.B. in computer science and economics. He received his J.D. from Washington University in St. Louis. Dan was a legal intern in the United States Senate, where he worked on the Judiciary Committee for Senator Russ Feingold.

Dan's combined backgrounds in computer science and economics give him a unique perspective on patent strategy. His practice emphasizes patent portfolio development based on identifying innovations that are economically strategic to the enterprise, and managing the creation of patent assets to maximize the value of those assets.

In addition to providing legal services to his clients, Dan is an Adjunct Professor of Law at The University of California, Hastings College of the Law, where he teaches patent drafting and prosecution.

Dan is a frequent speaker on the topics of patent portfolio development strategies and patent law reform, and co-chairs a subcommittee of the American Intellectual Property Law Association (AIPLA).

Dan is a member of the State Bar of California, and admitted to practice before the United States Supreme Court, the Court of Appeals for the Federal Circuit, and the United States Patent & Trademark Office.



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Emphasis:

Patent Prosecution

Strategic Patent Counseling

Intellectual Property Counseling

Intellectual Property Due Diligence

Patent Litigation Support

Jennifer Bush focuses her practice on prosecuting patent applications in a wide range of technical fields, including computer software, Internet technologies, RFID, and business methods. Jennifer also has patent prosecution experience with life sciences and medical devices. Her practice also involves intellectual property strategy and counseling, as well as inter partes reviews, patent appeals and reexaminations. Jennifer has analyzed intellectual property issues for numerous due diligence and litigation matters.

In addition to providing legal services for her clients, Jennifer is a Lecturer-in-Law at the University of California, Davis School of Law, where she teaches patent prosecution and practice. She is also a member of the faculty at the Practising Law Institute, and co-chair of the annual Fundamentals of Patent Prosecution bootcamp. She has lectured on topics related to patent law at the University of California, Hastings College of the Law and Santa Clara University School of Law.

The following is a list of Jennifer's representative clients:

- |                           |                                       |
|---------------------------|---------------------------------------|
| ▪ Amazon.com, Inc.        | ▪ Kleiner Perkins Caufield & Byers    |
| ▪ Apple Inc.              | ▪ Reliant Technologies, Inc.          |
| ▪ Facebook, Inc.          | ▪ Ricoh Innovations, Inc.             |
| ▪ Google Inc.             | ▪ Symantec Corporation                |
| ▪ Informatica Corporation | ▪ UC Davis Technology Transfer Center |

Jennifer received her undergraduate education at the University of California, Santa Barbara, graduating with a B. A. in biological sciences and English (double major) in 1998. She attended law school at the Santa Clara University School of Law, graduating *cum laude*, Order of the Coif, with a J.D. and High-Technology Certificate in 2003. Jennifer was awarded the faculty-selected Mabie Award for Outstanding Graduate, peer-selected Graduating Student of the Year, and served as Editor-in-Chief of the *Santa Clara Law Review*.

Prior to rejoining Fenwick & West, Jennifer was General Counsel with Apercen Partners LLC, serving as sole counsel for seven entities spanning a breadth of legal issues, including IP, employment, contract, securities, tax and general compliance matters.

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**FENWICK & WEST LLP**

SILICON VALLEY ► SAN FRANCISCO ► SEATTLE

She is a member of the State Bar of California and is registered with the U.S. Patent and Trademark Office.

Selected Publications:

- Robert A. Hulse, Puneet Sarna, Rajendra Panwar, and Jennifer R. Bush, *Section 102 and the MPEP*, in *Prior Art & Obviousness 2010: Current Trends In Section 102 & 103* (Practising Law Institute), June 2011.
- Jennifer R. Bush & Stuart P. Meyer, *The Tortoise, the Hare, and the Status Quo*, FENWICK & WEST IP BULLETIN (Fall 2010), at 3.
- Rajiv P. Patel & Jennifer R. Bush, *An Introduction to U.S. Patent Prosecution*, in *Fundamentals Of Patent Prosecution 2010: A Boot Camp For Claim Drafting & Amendment Writing* (Practising Law Institute), July 2010, at 385.
- Jennifer R. Bush, *Traveling Together Along the Patent Prosecution Highway*, IP Review Online, March 19, 2010.
- Jennifer R. Bush, *The Patent Prosecution Highway: An Expanding Option for Multinational Patent Filings*, Fenwick & West IP Bulletin (Summer 2009), at 1.
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- Jennifer R. Bush and Rajiv P. Patel, *Patent Possibilities*, Los Angeles Daily J., March 6, 2008, at 7.
- Jennifer R. Bush, *The Patent Prosecution Highway: A First Step for International Patent Harmonization?*, Fenwick & West IP Bulletin (Fall 2006), at 3.
- Jennifer R. Bush, *Closer View Sees Bumps in the Patent Prosecution Highway*, Los Angeles Daily J., September 19, 2006, at 9.
- Jennifer R. Bush, *'Phillips' May Decide Conflict in Patent Claim Construction*, Los Angeles Daily J., December 20, 2004, at 7.
- Jennifer R. Johnson, *Out of Context: Texas Digital, the Uncertainty of Language, and the Search for Ordinary Meaning*, 44 IDEA 521 (2004).
- Jennifer R. Johnson, *It's a Small World After All: Proposed Solutions for Global Antitrust in a System of National Laws*, 1 Santa Clara J. of Int'l Law 118 (2003), available at [http://www.scu.edu/scjil/archive/v1\\_JohnsonArticle.pdf](http://www.scu.edu/scjil/archive/v1_JohnsonArticle.pdf)



- Jennifer R. Johnson, *Employers Take Note*, State Bar of California Diversity Newsletter (Fall 2003).
- Jennifer R. Johnson & Ami Mudd DeCelle, Book Review: *The World Court in Action: Judging Among the Nations*, 43 Santa Clara L. Rev. 319 (2002), *reprinted in* UN 21 Newsletter (October 2003).

## Sample Patents

### Microelectromechanical Systems

- Mirror Structure with Single Crystal Silicon Cross-Member (7,042,619)
- Fabrication of a Reflective Spatial Light Modulator (7,022,245)

### Radio-frequency Identification

- Received Signal Strength Distance Determination of Low Frequency Tags (7,768,392)
- Two-Phase Commit Synchronizing Seal State (7,358,856)
- Expanded Compatibility RFID Tags (7,755,486)
- Item-Level Visibility of Nested and Adjacent Containers (7,639,134)

### Polarizing Light Filters

- Liquid Transmissive Filter Having Anisotropic Properties and Method of Fabrication (6,939,014)
- Dispersing and Polarizing Light Filter (7,354,164)

### Predictive Modeling

- Integration of Multiple Query Revision Models (7,565,345)
- Estimating Confidence for Query Revision Models (7,617,205)

### Object-oriented Processing

- Access to a Target Object with Desired Functionality (7,644,416)

### Database Management and Data Analytics

- Partially Ordered Queue for Efficient Processing of Assets (8,051,433)
- Efficient Processing of Assets with Multiple Data Feeds (8,046,780)
- Visualization and Processing of Multidimensional Data Using Prefiltered and Sorting Criteria (7,379,601)
- Incrementally Adding Segmentation Criteria to a Data Set (7,991,732)

- Creation of Segmentation Definitions (7,761,457)
- Assessment of Click or Traffic Quality (8,209,406)
- Comparison of Website Visitation Data Sets Generated From Using Different Navigation Tools (7,383,334)
- Assigning Value to Elements Contributing to Business Success (7,603,373)

#### Data Security

- Referrer Context Aware Target Queue Prioritization (8,180,761)
- Recovery Access to Secure Data (7,644,285)

#### Image Recognition

- Web-Based Content Detection in Images, Extraction and Recognition (8,385,589)
- Capturing Symbolic Information from Documents Upon Printing (8,201,076)
- Mixed Media Reality Recognition Using Multiple Specialized Indexes (8,369,655)
- Mixed Media Reality Brokerage Network with Layout-Independent Recognition (7,769,772)
- Multi-Classifer Selection and Monitoring for MMR-Based Image Recognition (8,073,263)
- Document-Based Networking with Mixed Media Reality (8,156,115)

#### Information Retrieval

- Determining Query Term Synonyms within Query Context (7,636,714)
- Filtered List Assisted Element Selection (7,756,886)
- Video Image-Based Querying for Video Content (8,185,543)
- Ranking Video Articles (7,933,338)

#### Media Streaming

- Dynamic Media Serving Infrastructure (8,214,516)
- Media Article Adaptation to Client Device (8,060,641)
- Serving Media Articles with Altered Playback Speed (7,840,693)
- Discontinuous Download of Media Files (8,019,885)

#### User Interface/Graphics



- Live Content Resizing (7,797,643) (included in Steve Jobs Exhibit at USPTO)
- Context Based Adaptive Image Resampling (7,526,138)
- User Interface Control for Changing A Parameter (7,554,521)
- Widget Authoring and Editing Environment (7,546,543)
- Remote Access to Layer and User Interface Elements (7,503,010)
- User Interface Element with Auxiliary Function (7,530,026)
- Configuration Bar for Launching Layer for Accessing User Interface Elements (7,873,910)
- Layer for Accessing User Interface Elements (8,291,332)

#### Immunological Assays

- Caffeine Detection Using Internally-referenced Competitive Assays (7,569,396)
- Caffeine Detection via Internally-referenced Two Part Assay (8,137,984)

#### Medical Device

- Device and Method for Resistance Stretching of the Muscles of the Lower Leg (8,267,839)



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Ewa Davison, Ph.D., focuses her litigation practice on companies in the field of biotechnology.

Ewa received her J.D. with high honors from the University of Washington School of Law in 2007, where she served as a managing editor of the *Washington Law Review*. She earned a Ph.D. in biology in 2003 from the Massachusetts Institute of Technology, where she worked in the laboratory of Dr. H. Robert Horvitz, winner of the 2002 Nobel Prize in Physiology or Medicine. Ewa was awarded several academic distinctions while an undergraduate at Princeton University. She graduated *summa cum laude* with an A.B. degree in molecular biology in 1993.

Prior to joining Fenwick & West, Ewa clerked for the Honorable Richard C. Tallman of the Ninth Circuit Court of Appeals. She was previously an associate with Darby & Darby P.C. in Seattle.

Ewa is a member of the State Bar of Washington and she is admitted to practice before the U.S. District Court for the Western District of Washington, the Ninth Circuit Court of Appeals and the Federal Circuit Court of Appeals.

Ewa is fluent in Polish.

#### Legal Publications

- Ewa M. Davison, Melanie L. Mayer and Stuart P. Meyer, *Final Patent Rules Provide Few Surprises*, August 2012.
- Ewa M. Davison, Melanie L. Mayer and Stuart P. Meyer, *IP Litigation Alert: PTO Publishes Final Rules for Contested Patent Cases*, August 2012.
- Ewa M. Davison and David K. Tellekson, *Supreme Court Allows Generic Manufacturers To Challenge Overbroad Use Codes*, April 2012.
- Steve P. Calandrillo and Ewa M. Davison, *The Dangers of the Digital Millennium Copyright Act: Much Ado About Nothing?*, 50 Wm. & Mary L. Rev. 349 (2008).
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- Ewa M. Davison, *Enjoys Long Walks on the Beach: Washington's Public Trust Doctrine and the Right of Pedestrian Passage over Private Tidelands*, 81 Wash. L. Rev. 813 (2006).

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- Bollag, R.J., Siegfried, Z., Cebra-Thomas, J.A., Garvey, N., Davison, E.M., and Silver, L.M. (1994). An ancient family of embryonically expressed mouse genes sharing a conserved protein motif with the *T* locus. *Nature Genetics* 7, 383–389.

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#### Scientific Presentations

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- Davison, E.M. and Horvitz, H.R. Ordering the synMuv Class A Proteins: LIN-15A May Be Important for the Nuclear Expression of LIN-56. 2001 International Worm Meeting.



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Emphasis:

Intellectual Property

Patent Litigation

Technology Litigation

Darren E. Donnelly emphasizes data management, technical computing, telecommunications, and Internet technologies in his practice. The clients Darren has represented include:

- |                               |                           |
|-------------------------------|---------------------------|
| ▪ Amazon.com, Inc.            | ▪ Informatica Corporation |
| ▪ Cognos, Inc.                | ▪ Intuit                  |
| ▪ Cryptography Research, Inc. | ▪ Netflix                 |
| ▪ Electronic Arts             | ▪ Symantec Corporation    |
| ▪ Good Technology             | ▪ VIA Technologies, Inc.  |
| ▪ Hewlett Packard             | ▪ Zappos                  |

Darren received undergraduate degrees from Stanford University in mathematical and computational science and economics. He received an M.S. from Stanford where his graduate work focused on the design of intelligent decision systems. He attended law school at Santa Clara University, graduating with a J.D. in 1997.

Darren served as trial counsel for Amazon.com in *Cordance Corp. v. Amazon.com*, winning a defense verdict before a Delaware jury that found two of three patents not infringed and the one remaining patent invalid.

Darren served as trial counsel for Informatica in *Informatica Corp. v. Business Objects*, winning a \$25 million jury award in its patent suit against Business Objects.

Darren represented Cryptography Research, Inc. ("CRI") in *Cryptography Research v. VISA*, a watershed case for the secure smart card industry, where CRI asserted eight fundamental patents covering differential power analysis countermeasure against Visa International. VISA settled on terms very favorable to CRI.

Darren represented Netflix in *Lycos v. Netflix et al.* where, after transferring the case from a "rocket docket" to a more favorable venue, he convinced the court to stage the case to allow accelerated — and ultimately successful — summary judgment of non-infringement with minimal discovery. Darren has subsequently represented Netflix in other several other matters all to favorable resolution.

For over a decade, Darren has represented Amazon.com and its affiliates in several patent infringement cases, including against Barnesandnoble.com, where he helped enforce via preliminary injunction, Amazon.com's 1-click® patent.

Darren is admitted to practice before the United States Patent and Trademark Office. In addition to preparing and prosecuting patent applications in the U.S. and abroad, he has counseled companies on patent portfolio development and management, patent licensing strategies, and patent enforcement strategies.



Pauline Farmer-Koppenol

Associate

Intellectual Property Group

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Emphasis:

Patent Prosecution

Intellectual Property Strategy and Counseling

Life Sciences Licensing

Pauline Farmer-Koppenol focuses her practice on serving technology and life sciences clients in prosecuting patent applications, providing intellectual property strategy and counseling, and negotiating joint research agreements and patent licenses. Pauline has prosecuted patent applications in areas including pharmaceuticals, carbon nanotubes and other nanomaterials, personalized medicine assays and software.

Additionally, Pauline has analyzed patent portfolios for life science clients and investors. Among the clients she has represented are:

- CardioDx, Inc.
- Google Inc.
- Kovio, Inc.
- Presidio Pharmaceuticals, Inc.
- Uhde Inventa-Fischer

Pauline received her J.D. in 2006 from the University of Michigan and her M.S. in chemistry in 1999, where her research focused on capillary electrophoresis and mass spectrometry as applied to proteins. She earned her B.S. in chemistry, *cum laude*, from the University of Florida in 1996.

Pauline is a member of the State Bar of California and is admitted to practice before the U.S. Patent and Trademark Office.

**Selected Publications:**

- Michael Shuster and Pauline Farmer-Koppenol, *A Comparison of US and EU Biosimilars Regimes*, January 6, 2012.
- Shuster and Pauline Farmer-Koppenol, *Getting the Prescription Right for Patenting Personalized Medicine Innovations*, Fenwick & West IP Bulletin, Spring 2011.
- Michael Shuster and Pauline Farmer-Koppenol, *Biotech in the Wake of 'Bilski'*, The Recorder, July 2010.
- Pauline Farmer-Koppenol, *Best Mode Helps Chinese Companies Win 337 Investigation Case*, China Intellectual Property Magazine, February 2009.
- Michael Shuster and Pauline Farmer-Koppenol, *Protecting Patents for Personalized Medicine*, BioPharm International, September 2008.
- Pauline Farmer-Koppenol, *Effect of KSR on Obviousness Analysis of Chemical Compounds*, Fenwick & West IP Bulletin, Summer 2008.
- Pauline Farmer-Koppenol, *A Compound Problem*, San Francisco Daily Journal, page 7, May 14, 2008.
- Michael J. Shuster, Pauline Farmer-Koppenol and H. Thomas Anderson Jr., *Observations on Recent Developments in Patent Law: Is the Generic Claim Turning Into an Endangered Species?*, Burrill Report Personalized Medicine, November, 2007.
- Jarstfer A.G., P. Farmer-Koppenol, and D.M. Sylvia, *Tissue magnesium and calcium affect development and reproduction of an arbuscular mycorrhiza*, *Mycorrhiza* 7:237-242, 1998.

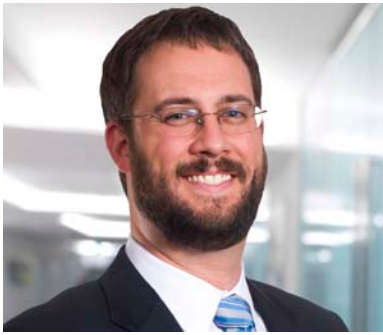
**Organization and Community Participation:**

- American Chemical Society
- American Intellectual Property Law Association
- American Bar Association
- Queen's Bench Bar Association of San Francisco, Second Vice President

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Phillip J. Haack

Associate

Litigation Group

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Phillip Haack focuses his practice on litigation and patent litigation matters for technology-based clients.

Prior to attending law school, Phillip was a software engineer, developing end-user desktop and web-based systems at a number of Bay Area technology companies.

He is a co-author with Jedediah Wakefield of "Marking the Territory," an article published in the October 20, 2008 *Daily Journal*.

Phillip was admitted to the State Bar of California in 2009.

Phillip received his J.D., *cum laude*, from the University of California, Hastings College of the Law in 2008, where he was Online Content Editor of the *Hastings Constitutional Law Quarterly*. He received his B.S. degree in Symbolic Systems from Stanford University in 2000.



## Bryan A. Kohm

Senior Associate

Litigation Group

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Emphasis:

Patent Litigation

Trade Secret Litigation

Bryan A. Kohm practices intellectual property litigation, with a focus on representing high technology and life science companies in patent infringement and trade secret misappropriation disputes. Bryan has experience in a wide variety of venues throughout the country, including federal and state courts, the International Trade Commission, and the Court of Appeals for the Federal Circuit.

Bryan has been recognized as a "Rising Star" in the area of IP Litigation by *Northern California Super Lawyers* in 2013.

His representative matters include:

- *In the Matter of Certain Biometric Scanning Devices* – Bryan served as trial counsel in the defense of a Korean manufacturer of fingerprint detection devices in an investigation pending before the International Trade Commission.
- *The Laryngeal Mask Company Ltd. et al. v. Ambu A/S et al.* – Bryan represented Ambu, a leading manufacturer of medical devices, in a patent infringement action brought by a competitor. Bryan assisted Ambu in obtaining summary judgment of non-infringement and invalidity.
- *St. Clair Intellectual Property Consultants v. Samsung Electronics Co. Ltd. et al.* – Bryan assisted Hewlett-Packard Company obtain summary judgment of non-infringement in a patent infringement action filed by St. Clair Intellectual Property Consultants relating to digital cameras.
- *Sirona Dental Systems, Inc. v. Dental Imaging Technologies Corp.* – Bryan represented Dental Imaging Technologies in the defense of patent infringement claims by its competitor Sirona Dental Systems and the California Institute of Technology directed to dental radiography sensors. The matter was successfully resolved prior to trial.
- *BrandPort, Inc. v. Virgin Mobile USA, LLC* – Bryan assisted Virgin Mobile in obtaining a complete defense victory in a trade secret action. BrandPort filed suit alleging that Virgin Mobile misappropriated 55 of its trade secrets disclosed in a request for proposal process.

Bryan has been a member of teams representing, among others, the following additional clients:

- |                               |                             |
|-------------------------------|-----------------------------|
| ▪ BAE Imaging Solutions, Inc. | ▪ Intuit Inc.               |
| ▪ BitTorrent, Inc.            | ▪ Omniture, Inc.            |
| ▪ Cisco Systems, Inc.         | ▪ Silver Peak Systems, Inc. |

Bryan received his J.D. from Santa Clara University School of Law in 2004, where he served as an editor for the *Santa Clara Computer & High Technology Law Journal*. He received his B.A. in philosophy from Hamilton College, New York, in 2001.

Bryan is a member of the State Bar of California and is admitted to practice before all federal district courts in California, as well as the United States District Court for the Eastern District of Texas and the United States Court of Appeals for the Federal Circuit.

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David M. Lacy Kusters

Associate

Litigation Group

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Emphasis:

Patent Litigation

Open Source Software

Copyright Litigation

David Lacy Kusters focuses his practice on patents and copyright.

David has significant experience in software-related technology cases, including numerous software-related patent litigations. His expertise lies in combining his litigation skill with his technical background.

Representative Clients:

- Amazon.com, Inc.
- Chordiant Software, Inc.  
(now part of Pegasystems Inc.)
- Hewlett-Packard Company
- Informatica Corporation
- Intuit Inc.
- Symantec Corporation

Prior to joining Fenwick & West, David worked for several years as a software engineer, including starting his own software development company. He is active in the Open Source community and has performed research into the practical implications of Open Source licenses. He is proficient in a number of software programming languages.

David received his J.D. with honors, *magna cum laude* from Hastings College of Law, San Francisco in 2005. He received his B.S. with honors, *summa cum laude*, in social psychology from California Polytechnic State University, San Luis Obispo in 1999.

Representative Engagements:

- *JuxtaComm Tech. Inc. v. Ascential Software Corp. et al.*: defended Informatica Corporation in patent infringement suit involving data conversion software for enterprise software tools in the E. D. of Texas.
- *Cordance v. Amazon.com*: In August 2009, represented e-commerce pioneer Amazon.com winning a defense jury verdict in Delaware in which two of the three asserted patents were found not infringed and the third invalid.
- *Informatica v. Business Objects Data Integration*: represented Informatica Corporation in a patent lawsuit against Business Objects where the jury awarded Informatica \$25.2 million in damages.

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- *Ancora Technologies Inc. v. Toshiba America Information Systems et al.*: represented HP to convince Microsoft to assume the defense (which it has now done).
- *Cross Match v. Suprema*: defended Suprema in an International Trade Commission investigation that resulted in a favorable determination after trial.
- *Netbula v. Chordiant*: defended Chordiant in a jury trial in N. D. of California, obtaining a favorable decision in a jury trial.



Charlene M. Morrow

Partner, Litigation and  
Intellectual Property Groups

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Emphasis:

Patent Litigation

Intellectual Property Litigation

Charlene Morrow has an active nationwide trial practice representing software, semiconductor and medical device companies in a range of disputes, both on the plaintiff and defense side, including recent jury trial victories.

*IAM* magazine identified Charlene as an “outstanding” patent practitioner in its 2013 *IAM Patent 1000 – The World’s Leading Patent Practitioners*, and notes that Fenwick’s patent litigation group “is expanding under the watchful eye of semiconductors, software and medical device expert Charlene Morrow.”

Charlene is currently representing:

- Adobe Systems Inc.
- Hewlett-Packard Company
- Los Alamos National Security, LLC
- LSI Corporation
- The Regents of the University of California

Charlene received her A.B., summa cum laude from the University of Southern California, *Phi Beta Kappa*, *Sigma Xi* and her J.D. from the University of California at Berkeley, Boalt Hall School of Law, where she was the Senior Notes and Comments Editor for the *High Technology Law Journal*, received the Prosser Prize in Computer Law, and was elected to the Order of the Coif.

Charlene is a member of the State Bar of California, admitted to practice in the courts of the State of California, in the Northern, Central and Eastern Districts of California, in the District of Arizona, in the Northern District of Illinois, and in the Eastern District of Texas. She is also admitted to practice in the Ninth and Federal Circuit Courts of Appeal and the United States Supreme Court.

#### Case Examples:

#### Recent Published Decisions

Charlene was lead counsel for Hewlett-Packard in *Hewlett-Packard Co. v. Acceleron LLC*, 587 F.3d 1358 (Fed. Cir. 2009), which set a new standard for when a declaratory judgment action may be brought against a patent holder.

Charlene was also lead counsel for Hewlett-Packard in *In re Papst Licensing GmbH & Co. KG Litig.*, 767 F. Supp. 2d 1 (D.D.C. 2011), against allegations of infringement of two patents against its line of

digital cameras. In that ruling, the court rejected Papst's attempt to revise its infringement theory and take expansive discovery from Hewlett-Packard, after Hewlett-Packard had received a favorable Markman ruling, by striking Papst's revised infringement contentions and staying discovery. In *In re Papst Licensing GmbH & Co. KG Litig.*, 2013 U.S. Dist. LEXIS 145085 (D.D.C. Oct. 8, 2013), the firm obtained summary judgment of non-infringement as to both patents-in-suit.

### **Software Representations**

Charlene has handled software patent cases involving a wide range of software technologies, including databases, digital rights management, graphics, and networking technologies. She has also handled software copyright, trade secret, and contract disputes.

Charlene was lead trial counsel substituted in to defend Macromedia in a seven-patent, two-jurisdiction dispute between Adobe, Inc. and Macromedia. After back-to-back jury trials that resulted in a net damage award in favor of Macromedia, and while Macromedia's request for an injunction against Adobe Illustrator was pending, a resolution was reached.

### **Semiconductor Representations**

Charlene has handled patent, trade secret and breach of contract cases involving semiconductor equipment, semiconductor process technologies, device design, integrated circuit design, and packaging.

Charlene substituted in to defend O2Micro, Inc. in a patent and trade secret dispute with Monolithic Power Systems, and was instrumental in obtaining a defense jury verdict that the patents asserted against O2Micro were both invalid and non-infringed. O2Micro also obtained a jury verdict of \$ 12 million on its trade secrets counterclaim. Both jury verdicts were affirmed on appeal in 2007.

Charlene was asked to defend start-up Scenix Semiconductor in a six patent case brought against it by Microchip Technologies. She obtained the withdrawal of four of the six patents, and defeated a preliminary injunction motion on the remaining two. The district court's claim construction and preliminary injunction decisions were affirmed on appeal, and the matter settled thereafter. *Microchip Technology, Inc. v. Scenix Semiconductor, Inc.*, 2000 U.S. App. LEXIS 14131 (2002).

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In connection with her defense of client Information Storage Devices, which was sued by Atmel Corporation shortly before it went public, Charlene conducted the first *Markman* (claim construction) hearing held in the Northern District of California. She went on to obtain summary judgment of noninfringement of two of three patents, sanctions, and summary judgment of invalidity of the third patent on an issue of first impression. The latter ruling was reversed in part on appeal in *Atmel Corp. v. Information Storage Devices, Inc.*, 1998 U.S. Dist. LEXIS 17564 (Fed. Cir. 1999). The matter settled favorably following remand and renewal of ISD's motions.

### **Medical Device Representations**

Charlene has handled patent, trade secret and breach of warranty cases involving a variety of endoscopic and implantable technologies.

In 2007, Charlene was lead trial counsel for The Regents of the University of California in a bench trial on the original patent portfolio covering the Guglielmi detachable coils, used primarily in treating brain aneurysms. The matter settled on the first day of trial, in a manner very favorable to The Regents, after a series of favorable rulings on the defenses raised by defendant ev3.

### **Additional Information**

Following law school, Charlene clerked for the Honorable William W. Schwarzer, United States District Court for the Northern District of California.

Charlene is AV-rated by Martindale-Hubbell. She is one of four intellectual property litigators mentioned in "Crisis Management: 28 Experts to Call When All Hell Breaks Loose," *Corporate Legal Times* (Jan. 2003), has consistently been ranked as a "Northern California Super Lawyer" by *San Francisco* magazine and has been named as one of the "Best Lawyers in the Bay Area" by *Bay Area Lawyer* magazine. She was recognized by *The Daily Journal* as one of the state's top 35 patent professionals (covering patent litigators, prosecutors and portfolio managers) and named one of the leading women litigators in California for 2010.

Charlene is a President Emerita of the San Francisco Bay Area Intellectual Property Inn of Court. For many years she served as Chair of the Fenwick Patent Litigation Practice, and she has served on the

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firm Executive Committee and on its Partner Compensation Committee.



## Rajiv P. Patel

Partner

Intellectual Property (IP) Group

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Emphasis:

Patent Procurement

Strategy

Counseling

Prosecution

Patent Disputes

Reexamination

Litigation

IP/Patent Transactions

Due Diligence

Audits

Rajiv P. Patel often serves in the role of defacto in-house patent counsel for many of these companies as he manages patent strategy, portfolio development, patent prosecution and patent pre-litigation counseling roles for them. He also has served as a temporary in-house patent counsel for six-months for a Fortune-500 electronics company managing large patent portfolio.

Rajiv has extensive patent reexamination experience having partaken in numerous ex parte and inter parte reexamination proceedings that have crossed over with district court patent litigation. Amongst his experiences has been defense of Amazon's one-click patent in reexamination.

Rajiv was a former Adjunct Professor of Law at the University of California, Hastings College of the Law and is currently active as program chair for PLI's Advanced Patent Prosecution Seminar and Post Grant Proceedings Seminar.

Rajiv has been recognized as a Northern California "Super Lawyer" in the area of Intellectual Property each year since 2006. In 2012, *Intellectual Asset Management* magazine named him to the *IAM Patent 1000: The World's Leading Patent Practitioners*.

Rajiv has an Electrical Engineering degree from Rutgers University. He received a law degree and Master in IP degree from the University of New Hampshire School of Law. He is a member of the State Bar of California and is registered to practice before the U.S. Patent and Trademark Office.

Among the clients Rajiv has represented are:

- Synopsys, Inc.
- Canon Research Americas, Inc.
- Hewlett-Packard Company/Palm, Inc.
- Parade Technologies Ltd.
- Sipro Lab Telecom, Inc.

In his spare time Rajiv enjoys coaching his kids' soccer and baseball teams, family camping trips and following his favorite childhood sports teams – New York Giants, New York Mets, and the Rutgers Scarlet Knights as well as his kids' favorite teams – San Jose Sharks and Golden State Warriors.

Patent Strategy and Portfolio Development

- Served as in-house patent counsel role for large electronics industry company, managing patent portfolio and budget and overseeing outside counsel.
- Created patent strategy and developing patent portfolio for \$500 million plus product line for a peripherals company.
- Restructured existing portfolio of 100-plus patents for a devices company to align patent portfolio with re-directed business strategy.
- Created patent strategy and advised on patent portfolio for on-line auction company. Patent portfolio sold for over \$750,000.
- Sample Patents (Electrical / Electronics):
  - U.S. Patent No. 7,058,907 Reduction of Cross-Talk Noise in VLSI Circuits
  - U.S. Patent No. 6,246,294 Supply Noise Immunity Low-Jitter Voltage-Controlled Oscillator Design
  - U.S. Patent No. 6,052,033 Radio Frequency Amplifier System and Method
  - U.S. Patent No. 5,991,296 Crossbar Switch with Reduced Voltage Swing and No Internal Blocking Path
  - U.S. Patent No. 5,948,083 System and Method for Self-Adjusting Data Strobe
- Sample Patents (Consumer / Mechanical Products):
  - U.S. Patent No. 6,813,372 Motion and Audio Detection Based Webcamming and Bandwidth Control
  - U.S. Patent No. 6,246,016 Optical Detection System, Device, and Method Utilizing Optical Matching
  - U.S. Patent No. 5,835,852 Integrated Electronic Communication Device and Clip
- Sample Patents (Computer Architecture/Software):
  - U.S. Patent No. 6,389,405 Processing System for Identifying Relationships Between Concepts
  - U.S. Patent No. 6,275,622 Image Rotation System
  - U.S. Patent No. 6,055,629 Predicting Branch Instructions in a Bunch Based on History Register Updated Once
  - U.S. Patent No. 5,995,955 System and Method for Expert System Analysis Using Quiescent and Parallel Reasoning and Set Structured Knowledge Representation

Patent IP Transactions (Representative Matters)

- Led intellectual property audit for Fortune 500 communication company's intellectual property in wireless technology and advised on intellectual property issues in context of tax framework.
- Led intellectual property audit for electronic gaming company and developed intellectual property management structure for company.
- Conducted numerous intellectual property due diligence projects for high-technology investments by venture capital companies and for targets and acquirers in merger and acquisition matters.

Patent Litigation (Representative Cases)

- *Nomadix v. Hewlett-Packard Company et al.* – patent litigation involving Internet protocol network redirection.
- *Reunion.com and GoodContacts Ltd. v. Plaxo, Inc.* – patent litigation involving social media and contact management technology.
- *Akamai Technologies, Inc. v. Speedera Networks, Inc.* – patent litigation involving Internet content delivery services.
- *Planet Bingo, LLC v. GameTech International, Inc.* – patent litigation involving casino style games on electronic devices.
- *GameTech International, Inc. v. Bettina Corporation* – patent litigation involving electronic gaming.
- *SanDisk Corporation v. Lexar Media, Inc.* – patent litigation involving flash memory consumer products.
- *ICTV, Inc. v. Worldgate Communications, Inc.* – advised on patent litigation strategy in interactive television market.
- Litigation and reexamination crossover matters – advised on and led *ex parte* and *inter partes* reexaminations in litigation context.  
Reexamination patent defense – advised on and led defense of patents in reexamination, including highly visible electronic commerce patent at U.S. Patent and Trademark Office.; led Amazon 1-click patent reexam defense

Teaching Experience

- Program Co-Chair; ITechLaw India Conference 2009-2012.
- Program Chair; Practising Law Institute course on “Advanced Patent Prosecution”.
- Program Chair; Practising Law Institute course on “Reexamination and Patent Litigation Crossover Proceedings”.
- Faculty Member; Practising Law Institute courses on “Fundamentals of Patent Prosecution,” and “Patent Law for the Non-Specialist”.
- Adjunct Professor of Law at University of California, Hastings College of the Law.



## Publications

- *"Eighteen Months Later: How Bilski has Impacted Process Patents"*, 2011.
- *"Seven Sins – IP Mistakes Technology Start Ups Should Avoid"*, 2010.
- *"Developing a Patent Strategy - A Checklist for Getting Started"*, 2003-2008.
- *"International Patent Strategy"*, [www.fenwick.com](http://www.fenwick.com), 2006-2007.
- *"An Introduction to U.S. Patent Prosecution,"* Fundamentals of Patent Prosecution, Practising Law Institute, 2005-2008.
- *"Challenging (or Strengthening) Patents in the U.S. Using Patent Reexamination"*, ITechLaw Association Asian Conference, Mumbai, India, 2008.
- *"Patent Reexamination and the Crossover with Litigation"*, Practising Law Institute, 2007-2008.
- *"Software Escrows as Part of an Intellectual Property Strategy,"* ITechLaw Association First Asian Conference, Bangalore, India, 2005.
- *"Underutilized Patent Reexaminations Can Improve Business Strategy,"* Daily Journal, Vol. 110, No. 75, April 19, 2004.
- *"Software Outsourcing Offshore – Business and Legal Issues Checklist,"* SHG Software 2004 Conference, 2004.
- *"A Strategic Look at the Final Rejection,"* Advanced Patent Prosecution Workshop, Practising Law Institute, 2003 - 2006.
- *"Think Value, Not Cheap, For Long-Term Success,"* Succeeding with New Realities, TiEcon 2003, Published by TiE Silicon Valley 2003.
- *"The Intellectual Property Audit,"* Building and Enforcing Intellectual Property Value, An International Guide for the Boardroom 2003, Published by Globe White Page 2002.
- *"Patent Portfolio Strategy for Start-Up Companies: A Primer,"* Patent Strategy and Management, Vol. 3, No. 7, Nov. 2002.
- *"Potent Portfolio,"* Daily Journal, Vol. 106, No. 244, Dec. 15, 2000.
- *"Own Idea,"* Daily Journal, Vol. 105, No. 10, Jan. 15, 1999.
- *"Disclose Lite,"* Daily Journal, Vol. 103, No. 55, Mar. 21, 1997.

## Organization and Community Participation

- Board Member, University of New Hampshire School of Law
- Board Member (past), ITechLaw Association
- American Intellectual Property Law Association
- TiE ("The Indus Entrepreneurs"/"Talent, Ideas, Enterprise")
- Coach (Soccer and Baseball)



Robin W. Reasoner

Associate

Intellectual Property Group

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Emphasis:

Patents

Robin Reasoner includes strategic patent counseling and obtaining domestic and foreign patent rights in a number of technical fields, including optics, computer software, and business methods in her practice. She has prepared and prosecuted numerous provisional and utility applications.

In addition to securing patent protection for her clients, she has attacked issued patents on behalf of clients in litigation proceedings in U.S. Federal Courts and in *inter partes* reexamination proceedings before the U.S. Patent and Trademark Office. She also provides IP due diligence and litigation support.

The following are among the clients Robin has represented on patent matters:

- AOptix Technologies, Inc.
- Cisco Systems, Inc.
- Google Inc.
- Honda R&D Americas, Inc.
- Informatica Corporation
- Intuit Inc.
- Logitech, Inc.

Robin received her J.D., with distinction, from Stanford University in 2004. She received her B.A., with honors and *Phi Beta Kappa*, in physics and economics from Grinnell College in 1999.

Robin is a member of the State Bar of California and is registered in the U.S. Patent and Trademark Office as a patent attorney.



Robert R. Sachs

Partner

Intellectual Property Group

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Emphasis:

Strategic Patent Portfolio  
Development

Software Patents

Robert Sachs concentrates his practice on strategic patent counseling and prosecution for software technologies. Bob has extensive experience in developing patent portfolios for companies of all sizes, from startups to multi-nationals.

He is the primary evaluator for standards essential patents on today's most important audio, video, and communications technologies, including 3GPP-LTE, WiMAX, IEEE 802.11, MPEG-4 AAC, DVB-MHP, OCAP, Digital Radio Mondiale, AMR-NB, AMR-WB, AMR-WB+, G.711, G.729, AGORA-C, and NFC-IP. He conducts and supervises patent evaluations in US, as well as Europe, Japan, China, South Korea, Mexico and Canada.

One of Bob's areas of expertise is patentable subject matter: the question of what kinds of inventions are eligible for patent protection, and particularly whether software and life sciences related inventions are patentable. This issue has become the new battleground in the development of the patent law, with several important cases having been recently decided by the Supreme Court and the Court of Appeals for the Federal Circuit. While most authors and scholars take a results-oriented approach to this question, Bob instead starts with the first principles of creativity and innovation that drive humans to solve functional problems. From that understanding, software and life sciences inventions are squarely in the domain of what the patent law is designed to protect.

Particular areas of expertise include Internet technologies, multimedia applications, user interfaces, audio/video technologies. Clients he has represented include:

- |                          |                              |
|--------------------------|------------------------------|
| ▪ Google Inc.            | ▪ Apple Inc.                 |
| ▪ Facebook, Inc.         | ▪ Barclay's Global Investors |
| ▪ Intuit Inc.            | ▪ Excite@Home                |
| ▪ Harrah's Entertainment | ▪ Dreamworks Inc.            |
| ▪ Via Licensing          |                              |

Bob received his J.D. from Yale Law School in 1990, and his M.S. in software engineering from National University in 1996. He earned a B.A. in philosophy and a B.A. in psychology from the University of California, San Diego, in 1987, where he graduated *summa cum laude*.

### Selected Speaking Engagements

Bob has been a speaker and panelist at many conferences, including:

- "Patent-Eligible Subject Matter: A Walk Through the Jurisprudential Morass of § 101," Practising Law Institute 7th Annual Patent Law Institute, March 18-19, 2013, San Francisco, CA
- The Federalist Society, "[\*Boon or Bane for Technological Innovation?: Software Patents\*](#)," November 6, 2012

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- Critical Debrief: *"The Patentability of Ideas: The Impact of Prometheus,"* July 24, 2012, Washington D.C.
- Palo Alto Bar Association, [\*"Punishing Prometheus: The Supreme Court's Destruction of Patent Value,"\*](#) May 8, 2012, Palo Alto, CA
- Licensing Executive Society, [\*World IP Day: Around the World with LES, "Philosophy, The Patent Law, and Innovation,"\*](#) April 26, 2012, USPTO, Alexandria, VA
- Berkeley Center for Law and Technology, [\*12th Annual Silicon Valley Advanced Patent Law Institute, "Patentable Subject Matter: The Ongoing Saga of Section 101,"\*](#) December 8-9, 2011, Palo Alto, CA
- Practising Law Institute, *"CyberSource, Classen and Ultramercial: What it means for Software Patents,"* October 24, 2011
- 2011 Congress on Patent Strategies for the Financial Services Industry, *"Bilski vs. Kappos: How Bilski Changes the Law of Patentable Subject Matter, and its Effect on Present and Future Patent Programs, and Effective Patent Strategies,"* September 19-20, 2011, New York, NY
- U.S. District Court, Northern District of California, Magistrate Judges Retreat, *"The Art and Science of Patent Prosecution,"* September 7, 2011, Moss Beach, CA
- Eighth Annual Stanford E-Commerce Best Practices Conference, [\*"E-Commerce Patents: Patent Marketplace to Patent Litigation,"\*](#) June 24, 2011, Stanford Law School, Stanford, CA
- American Intellectual Property Law Association, 2011 Spring Meeting, [\*"Philosophy and Patents,"\*](#) May 12-14, 2011, San Francisco, CA
- [\*Churchill Club Great Debate: Should Software Be Patentable?\*](#), Fenwick & West LLP, Mountain View, CA, February 16, 2011
- USPTO's 2010 Business Methods Partnership Meeting, *"No Longer Business as Usual: Bilski v. Kappos and the Future of Patentable Subject Matter,"* United States Patent & Trademark Office, September 23, 2010.
- Seventh Annual Stanford Ecommerce Best Practices Conference, Stanford Law School, June 25, 2010.
- Bilski Amicus Roundtable, Fenwick & West LLP, Mountain View, CA, July 10, 2009.

- Sixth Annual Stanford Ecommerce Best Practices Conference, Stanford Law School, June 12, 2009.
- Licensing Executive Society 2009 Winter Meeting, "*Patent Pools: Still Relevant After All These Years*," San Antonio Texas, February 26, 2009.
- Santa Clara Computer & High Technology Law Journal 2009 Symposium, *Shifting Strategies in Patent Law*, Santa Clara Law School, January 30, 2009.
- Mobile TV & Video Summit at NAB2007, "*Strategic Legal Considerations for MoTV Businesses*," Las Vegas, Nevada, April 17, 2007.
- Software IP Strategy Summit, "*Strategies for Claim Drafting for Business Method and Financial Patents*," Palo Alto, California, February 20, 2007.
- Business Method Patents in the United States, at Patent Law Year in Review: 2006, Palo Alto, California, January 19, 2007

## Selected Publications

Bob is the author of several articles on patent strategy, including:

- "[\*Abstract idea or real world software solution?\*](#)," By Robert R. Sachs, Daily Journal, December 2013
- "*Patent Eligibility: Recent Trends, Issues, and Strategies*," By Robert R. Sachs, Inside the Minds: The Impact of Recent Patent Law Cases and Developments, 2013 ed.
- "[\*The Battle Rages On: A Report from the Front Line of the Patentable Subject Matter War\*](#)," by Robert R. Sachs, The Intellectual Property Strategist, September 2012
- "[\*Patentable Subject Matter After Bilski\*](#)," by Robert R. Sachs and Puneet Sarna, The Intellectual Property Strategist, April 2012
- [\*Punishing Prometheus: Part V - The Long Punt and the Improbable Return\*](#), by Robert Sachs. Patently-O, Apr. 2012.
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- [On Shaky Ground: The \(Near\) Future of Patents After Bilski](#), by Robert Sachs & Robert Hulse. The Intellectual Property Strategist, Vol. 15, No. 3, Dec. 2008.
- [Lessons in Patent Prosecution Quality Control from the Federal Circuit](#), on the implications of the Federal Circuit's decision in Microsoft Corp. v. Multi-Tech Systems on how patents are prosecuted. Fenwick & West IP Bulletin, July, 2004.
- [Strategic Use of Continuing Applications](#), on using continuing applications to expand a patent portfolio for licensing, litigation, and competitive advantage.
- [Strategic Patent Due Diligence](#), on how to assess patent portfolios during mergers and acquisitions. E-Commerce Lay Journal, vol. 2. no. 3, February, 2002.
- [A Framework for Identifying Inventions Worth Patenting](#), on using competitive advantage based analysis to select inventions for patenting.
- "Method Madness" on patenting financial inventions in light of the Federal Circuit decision in State Street Bank.
- "Global Warning: The Internet's International Nature Presents Complex Patent Problems," on problems in patenting inventions relating to the Internet and E-commerce
- "Software Support & Analyzing the PTO's Guidelines for Computer Implemented Inventions," analyzing the PTO's 1996 guidelines for examining software patents.

#### Key Experience

- Created patent strategy for one of the early Internet music download websites, for which primary patent on system architecture sold for \$7 million.
- Patented fundamental mutual fund model of age-based lifecycle mutual funds for a leading financial service company, now a \$110 billion market.
- Patented demand forecasting models for private software firm, used by several multinational retailers and fast food chains.
- Negotiated patent license with world's largest software and computer company, resulting in savings to client in excess of \$5 million in royalties.
- Created patent strategy for leading casino and hotel management company, including prosecution of strategic patents on player tracking systems.

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## FENWICK & WEST LLP

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## Sample Patents

### Internet Technologies

- Internet profiling (6839680)
- Method and apparatus for mapping a community through user interactions on a computer network (6745196)
- Scalable database management system (7065526)
- System and method for extension of group buying throughout the internet (6934690)

### Graphics

- 3D stroke-based character modeling suitable for efficiently rendering large crowds (6326972)
- Method and system for detecting scenes and summarizing video sequences (5805733)
- Method, apparatus, and software product for generating outlines for raster-based rendered images (5767857)
- Method, apparatus, and software product for generating weighted deformations for geometric models (5892691)
- Shape interpolation for computer-generated geometric models using independent shape parameters for parametric shape interpolation curves (6108011)

### Computers and Communications

- Compressed file patcher (7162717)
- Fairly partitioning resources while limiting the maximum fair share (6909691)
- Granting access rights to unattended software (7024689)
- Identification and authentication management (7117529)
- Method and system for dynamically synthesizing a computer program by differentially resolving atoms based on user context data (5966533)
- Method and system for synchronous operation of linked command objects (6757905)
- Providing quality of service guarantees to virtual hosts (6976258)
- Reducing stack memory resources in a threaded computer system (6968557)
- Regulating file access rates according to file type (6907421)

- System and method for providing cooperative interrupts in a preemptive task scheduling environment (5911065)
- Teleservices computer system, method, and manager application for integrated presentation of concurrent interactions with multiple terminal emulation sessions (5974135)

#### **Financial Inventions**

- Business Demand Projection System And Method (5,459,656)
- Cash flow optimization using a genetic algorithm (7124105)
- Client-Server Online Payroll Processing (6,411,938)
- Customer valuation in a resource price manager (7212978)
- Dynamic market equilibrium management system, process and article of manufacture (7107230)
- Integrated system and method for analyzing derivative securities (5692233)
- Investment Fund Management Method And System With Dynamic Risk Adjusted Allocation Of Assets (5,812,987)
- Investment Fund Management Method and System (6,336,102)
- On-line group-buying sale with increased value system and method (7194427)
- Personal online banking with integrated online statement and checkbook user interface (5903881)
- Product Demand System And Method (5,299,115)
- Report generation system and method (5423033)
- System and method for determination of incremental value at risk for securities trading (5819237)
- Watershed method for controlling cashflow mapping in value at risk determination (6122623)

#### **User Interface**

- Data refinery: a direct manipulation user interface for data querying with integrated qualitative and quantitative graphical representations of query construction and query result presentation (6208985)
- Immersive movement-based interaction with large complex information structures (6154213)
- Method and system for automatic classification of video images (5872865)
- System And Method Enabling Awareness Of Others Working On Similar Tasks In A Computer Work Environment (5,960,173)



- User Interface And Method For Controlling And Displaying Motion, Visual, And Sound Effects Of An Object On A Display (5,592,602)
- Visualization of information using graphical representations of context vector based relationships and attributes (5794178)
- Wireless Communication Device With Markup Language Based Man-Machine Interface (6,317,781)

#### **Predictive Modeling and Solutions**

- Fast Explanations Of Scored Observations (5,745,654)
- Fraud detection using predictive modeling (5819226)
- Predictive modeling of consumer financial behavior (6430539)
- Risk determination and management using predictive modeling and transaction profiles for individual transacting entities (6330546)
- Unsupervised Identification Of Nonlinear Data Cluster In Multidimensional Data (6,226,408)
- Cortronic neural networks with distributed processing (6366897)

#### **Information Retrieval**

- Dynamic content organization in information retrieval systems (6236987)
- Dynamic Generation Of Contextual Links In Hypertext Documents (6,122,647)
- Information retrieval system and method with implementation extensible query architecture (5577241)
- Representation And Retrieval Of Images Using Context Vectors Derived From Image Information Elements (6,173,275)
- System and method for accelerated query evaluation of very large full-text databases (5915249)
- System And Method For Portable Document Indexing Using N-Gram Word Decomposition (5,706,365)
- System and method for searching and recommending objects from a categorically organized information repository (7031961)

#### **Interactive Television**

- Reminder system for broadcast and non-broadcast events based on broadcast interactive applications (6725461)
- Personal convenience unit for enhancing patron use of gaming machines (6116597)

### **Gaming**

- National customer recognition system and method (6183362)
- Bet guarantee system (5766075)
- Customer worth differentiation by selective activation of physical instrumentalities within the casino (6003013)

### **Miscellaneous**

- Assigning and managing patron reservations for distributed services using wireless personal communication devices (6748364)
- Integrated disease information system (6108635)
- Transformation of real time data into times series and filtered real time data within a spreadsheet application (5926822)
- Hierarchical biological modeling system and method (5808918)



## Michael J. Sacksteder

Chair, Patent Litigation Group

Partner, Litigation Group

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Emphasis:

Patent Litigation

Intellectual Property Litigation

Michael Sacksteder is Chair of the Patent Litigation Group at Fenwick & West – a team of more than 50 experienced litigators with diverse legal and technical backgrounds, all of whom focus on helping clients achieve their business goals. Michael's practice focuses primarily on patent litigation and litigation involving other substantive areas of intellectual property law, including copyright, trade secret, trademark, and unfair competition.

Michael has served as trial counsel in a number of patent and other intellectual property trials in United States District Court and has engaged in successful appellate practice before the United States Court of Appeals for the Federal Circuit. He has substantial experience in all aspects of pretrial litigation, including claim construction in patent cases.

Michael's experience encompasses a variety of technological fields, including computer graphics, mainframe software tools, wireless messaging systems, semiconductors, optical networks and nucleic acid microarrays.

Representative clients include:

- |                               |                          |
|-------------------------------|--------------------------|
| ▪ FriendFinder Networks, Inc. | ▪ Silver Spring Networks |
| ▪ Intuit Inc.                 | ▪ Supercell              |
| ▪ King.com                    | ▪ Superclick, Inc.       |
| ▪ Moses Lake Industries, Inc. | ▪ Symantec Corporation   |
| ▪ Pandora Media, Inc.         | ▪ Woodman Labs (GoPro)   |
| ▪ Silver Peak Systems, Inc.   |                          |

Recently, Michael successfully argued for a multi-defendant patent lawsuit to be transferred from the Eastern District of Texas to the Northern District of California. In 2008, Michael served as trial counsel for two defendants in a patent trial in the United States District Court for the Eastern District of Texas. Although the plaintiff – a “non-practicing entity” – had sought \$62 million in damages, the jury instead adopted the defendants' damages figure of \$1.257 million. In 2007, Michael represented Asyst Technologies in trial in the patent lawsuit *Asyst Technologies v. Empak, et al.* in the United States District Court for the Northern District of California. The jury found Asyst's patent valid and infringed, and awarded Asyst \$74.7 million in lost profits damages for lost sales and price erosion.

In 2005, Michael served as trial counsel for O<sub>2</sub>Micro in the trade secret and patent case *O<sub>2</sub>Micro v. Monolithic Power Systems*. The jury awarded O<sub>2</sub>Micro \$12 million for the willful misappropriation of O<sub>2</sub>Micro's trade secrets and found that all asserted claims of Monolithic Power Systems' patents-in-suit were invalid and not infringed. Shortly before the O<sub>2</sub>Micro trial, Michael served as trial counsel for plaintiff Compuware Corporation in the trade secret,

copyright and antitrust case *Compuware v. IBM*. That case was settled in Compuware's favor for \$400 million after being tried to a jury for five weeks.

A perennial nominee to the Northern California Super Lawyers list in Intellectual Property Litigation, Mr. Sacksteder leads patent litigation teams for high-profile clients such as Intuit, Symantec, and GoPro. He has successfully served as trial counsel in some of the most active patent litigation courts around the country, including those in the Eastern District of Texas, the District of Delaware, and the Northern District of California, and he has successfully argued before the United States Court of Appeals for the Federal Circuit. Just as importantly, he has helped numerous clients achieve positive results without the need for trial, resolving cases through motions to dismiss or for summary judgment, or driving settlement in the clients' favor, often by obtaining favorable claim constructions. He has served as trial counsel in actions to protect clients' trade secrets and copyrights, and he has significant experience in trademark and unfair competition matters.

Michael has also been recognized as a Northern California "Super Lawyer" in the area of Intellectual Property Litigation in 2010-2013.

Michael received his J.D., *magna cum laude*, from Northwestern University, where he was a member of the Order of the Coif. While in law school, Michael was editor-in-chief of the *Northwestern University Law Review* and represented Northwestern in national moot court competitions. Michael received his undergraduate degree, with honors, from Indiana University. Prior to attending law school, Michael worked as a broadcast journalist.

Michael is a member of the State Bar of California, and is active in the San Francisco Bay Area Intellectual Property American Inn of Court and the American Intellectual Property Law Association. He is admitted to practice in all state and federal courts in California, the United States District Courts for the Eastern District of Texas and the Eastern District of Michigan, and the United States Courts of Appeals for the Ninth Circuit and the Federal Circuit.



Darryl M. Woo

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Litigation Group

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Emphasis:

Patent Litigation

Intellectual Property Litigation

Darryl Woo has successfully tried numerous cases to verdict and concentrates his practice on patent litigation and other complex technology litigation, principally in the areas of semiconductors, information technology, life sciences and biotechnology. In January 2007, Darryl, as lead counsel, obtained a \$74.7 million jury verdict in a patent case tried in the Northern District of California for client Asyst Technologies. This verdict was ranked by *VerdictSearch* as the fourth largest IP litigation verdict of 2007, and one of the top 20 largest verdicts overall in the U.S.

He has appeared as lead counsel in patent litigation across the country, including the ITC and federal district courts in Arizona, California, Delaware, Florida, Illinois, Massachusetts, Minnesota, New Jersey, Ohio, Pennsylvania, and Texas on technologies ranging from software to semiconductor fab equipment, materials chemistry, voice over IP, fiber optic networking, bio assays, diagnostic tools, medical devices, pharmaceuticals and recombinant DNA. He has, for example, obtained a defense summary judgment in Boston for a well-known company's Internet satellite mapping product that lets more than 250 million users "fly anywhere on Earth." In addition, he has represented a range of clients, including the original Napster, in copyright, trademark and trade dress infringement cases, trade secret and licensing disputes, unfair competition, trade libel, false advertising, and other complex litigation.

Among the companies he has recently represented are:

- |                                       |                           |
|---------------------------------------|---------------------------|
| ▪ Alibaba.com Hong Kong Ltd.          | ▪ magicJack VocalTec Ltd. |
| ▪ Ambu A/S                            | ▪ NVIDIA Corporation      |
| ▪ BAE Systems Imaging Solutions, Inc. | ▪ Suprema, Inc.           |
| ▪ Hewlett-Packard Company             | ▪ Synopsys, Inc.          |
| ▪ Intercede Ltd.                      |                           |

Darryl has lectured often on trial practice techniques, patent and IP litigation strategy, and other substantive law topics for the Practising Law Institute, the Continuing Education of the Bar - California, and other organizations. Darryl appeared as a featured panelist for the Patent Litigation Roundtable of *California Lawyer*, and served on the faculty of the 2008 Annual Seminar of the Association of Business Trial Lawyers, on whose board for its Northern California Chapter he served as a member during 2005-2012. He has been named to *The Best Lawyers in America* in the areas of Intellectual Property and Patent law, named a Northern California "Super Lawyer" in the area of Intellectual Property Litigation every year since 2004, and named one of California's Top 100 Leading Lawyers by the *Daily Journal* in 2007. In 2008, Darryl was invited as a Fellow in the Trial Lawyers Honorary Society of the Litigation Counsel of America.

Darryl is a member of the State Bar of California, the Bar Association of San Francisco, the American Bar Association, the American Intellectual Property Law Association and the Federal Circuit Bar Association. He is a life member of the Asian American Manufacturers Association and a member of the Mechanics Institute of San Francisco. He previously served as Vice President of Finance and later as inaugural chair of the IP section of the National Asian Pacific American Bar Association (NAPABA), and previously served on the board of directors of the Asian American Bar Association of the Greater Bay Area. He has also served on the boards of directors of a number of charitable organizations, including Sunny Hills Children's Garden and St. Francis Memorial Hospital.

Darryl is admitted to practice before all state and federal courts in California, the United States Courts of Appeals for the 9th and Federal Circuits, and the United States Supreme Court. Darryl received his undergraduate education at the University of California at Berkeley, graduating with a bachelor's degree in biology in 1977. He attended law school at Georgetown University, graduating with a Juris Doctor degree in 1981.

#### Representative Engagements

***Abbott Laboratories Inc., et al. v. Dako North America, Inc.***: Darryl was trial counsel in this enforcement action for patents directed to a revolutionary method of *in situ* hybridization, which method has become the standard of care used in the diagnosis of genetic abnormalities associated with many cancers and other diseases. A favorable settlement of this matter was obtained on the eve of trial.

***ActivIdentity v. Intercede***: Represented defendant in this patent litigation matter brought in the Northern District of California involving smart card technology. After coordinating an innovative "second front" declaratory judgment action in the U.K., which exposed the original plaintiff to payment of our client's attorneys' fees, the matter settled.

***Adobe Systems, Inc. v. Macromedia, Inc.***: Darryl represented Macromedia, Inc. as senior trial counsel in these multiple patent litigation matters in the District of Delaware and the Northern District of California. The cases collectively involved seven software patents related to graphical user interfaces and graphics software techniques, sound mixing and WYSIWYG web page creation and editing. Following a jury verdict of \$4.91 million in favor of client Macromedia in the Delaware case, the matter settled favorably.

***Alibaba.com Hong Kong Limited et al. v. P.S. Products, Inc. et al.*** (N.D. Cal. 2012) Represented declaratory judgment plaintiffs Alibaba.com Hong Kong Ltd. and Alibaba.com, Inc. in case alleging their noninfringement of design patents. After obtaining dismissal on jurisdictional grounds of an infringement case over the same patents filed in the Eastern District of Arkansas, we took the matter to the final pretrial stage, when the case was settled for a nominal amount.

***Asyst Technologies, Inc. v. Jenoptik AG, et al.***: Represented plaintiff as lead counsel with respect to patents directed to tracking of semiconductor wafers in a SMIF fab. After two appeals, obtained a \$74.7 million unanimous jury verdict in U.S. District Court, Northern District of California.

***CallWave, Inc. v. Web Telephony LLC:*** Represented provider of enhanced, Voice over IP telecommunications services in patent litigation in the Central District of California. Obtained favorable settlement.

***The Procter & Gamble Co. v. The Clorox Company:*** Represented defendant The Clorox Company in this litigation matter in the Southern District of Ohio involving patents directed to certain aspects of competing household products. The matter settled favorably.

***Entelos, Inc. v. Medical Science Systems:*** Darryl was lead counsel for the plaintiff in this inventorship dispute concerning patents directed to bioinformatics software concerning the prediction of the course of diseases and clinical trial outcomes. Through diligent pre-filing preparation and carefully planned strategy, the case settled favorably almost before it started.

***Idexx Labs v. Hansen Vet Immunology, Inc.:*** Darryl stepped in to take over the lead representation of this patent litigation matter in the Eastern District of California involving diagnostic technologies for the detection of feline immunodeficiency virus. Through refinement and development of existing and additional defenses, he obtained a favorable settlement of this matter on the eve of trial.

***In re Company X:*** Darryl, as lead trial counsel, obtained a finding of trade secrets misappropriation in this matter involving ground-breaking silicon polymer chemistry.

***The Laryngeal Mask Company, Ltd. v. Ambu A/S:*** Represented medical device maker defendant in this patent litigation in the Southern District of California directed to laryngeal masks used in surgery. Obtained summary judgments of noninfringement and invalidity of asserted patent. Matter thereafter settled.

***ODS Technologies v. Magna Entertainment Corp.:*** Darryl was lead counsel for defendant Magna Entertainment Corp. in this case in the Central District of California involving patents directed to interactive wagering. The matter settled after a claims construction ruling favorable to client Magna.

***NCR Corporation v. Handspring, Inc.:*** Darryl was lead counsel for defendant Handspring, Inc. in this patent litigation brought in the District of Delaware regarding patents asserted against various handheld computing products of the client. The court granted summary judgment for client Handspring, 217 F.Supp.491 (D.Del. 2002), later affirmed by the Federal Circuit.

***Nortel Networks v. Optical Networks, Inc.:*** Represented defendant ONI Systems Corp. in a multiple patent case involving fiber-optic data networking. As a result of favorable claims construction rulings, the plaintiff dropped all but one of its five patents asserted against the client, and the case later settled favorably.

***P v. A Materials:*** Obtained favorable settlement for client exceeding relief available at trial in patent litigation involving tunable integrated components for use in cell phones, radar and other mobile wireless applications.

***Skyline Software, Inc. v. Google Inc.:*** Obtained summary judgment of noninfringement in District of Massachusetts patent case accusing popular Google Earth application, with its more than 250 million worldwide users.