



# Current Developments in U.S. Patent Law

Fordham IP Institute: 2C. U.S. Patent Law

Dimitrios T. Drivas  
April 24, 2014

---

# **U.S. SUPREME COURT**

# Declaratory Judgment Burden of Proof – *Medtronic v. Mirowski*

---

*Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843 (2014)

- Decided Jan. 22, 2014 (opinion by Breyer, 9-0)

## Factual Background

- Mirowski licenses its patents to Medtronic, which sells medical devices.
- Mirowski notified Medtronic that several new Medtronic products may be infringing its patents.
- Medtronic filed a declaratory judgment action, seeking a declaration that the new products did not infringe and that the patents were invalid.

Federal Circuit decision, *Medtronic Inc. v. Boston Scientific Corp.*, 695 F.3d 1266 (Fed. Cir. 2012) (vacated and remanded to the District Court)

- In a declaratory judgment action brought by a licensee, the licensee bears the burden of proof.
- Licensee must present evidence that it is entitled to the relief sought.
- Reasoned under *MedImmune Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007) continued existence of license and payment of royalty into escrow precludes infringement counterclaim.

# Declaratory Judgment Burden of Proof – *Medtronic v. Mirowski*

---

## Question Presented

- Whether in such a declaratory judgment action brought by a licensee under *MedImmune*, the licensee has the burden to prove that its products do not infringe the patent, or whether (as in the case in all other patent litigation, including other declaratory judgment actions), the patentee must prove infringement.

## Supreme Court Decision (9-0) (reversed and remanded)

- In a declaratory judgment action brought by a licensee to establish noninfringement, the burden of proving infringement rests with the patentee.
- (1) “[T]he burden of proving infringement generally rests upon the patent[-holder],” (2) “the operation of the Declaratory Judgment Act [is] only procedural, leaving substantive rights unchanged,” and (3) “the burden of proof is a substantive aspect of a claim.” 134 S. Ct. at 849.

# 35 U.S.C. § 285, Exceptional Case Standard for Award – *Octane Fitness v. ICON*

---

*Octane Fitness LLC v. ICON Health & Fitness, Inc.*, No. 12-1184

- Argued Feb. 26, 2014

## 35 U.S.C. § 285

- “The court in exceptional cases may award reasonable attorney fees to the prevailing party.”
- Federal Circuit Two-Part Test:
  - Litigation “objectively baseless” and brought in “subjective bad faith”

## Federal Circuit decision, 469 F. App’x 57 (Fed. Cir. 2012)

- Affirmed district court, 2011 WL 3900975 (D. Minn. Sept. 6, 2011), that the litigation was not objectively baseless and not brought in bad faith.
- “No reason to revisit the settled standard for exceptionality.” 469 F. App’x at 65.
- No error in declining to find this case exceptional.
- Rehearing *en banc* denied.

# 35 U.S.C. § 285, Exceptional Case Standard for Award – *Octane Fitness v. ICON*

---

## Question Presented

- Does the Federal Circuit’s promulgation of a rigid and exclusive two-part test for determining whether a case is “exceptional” under 35 U.S.C. § 285 improperly appropriate a district court’s discretionary authority to award attorney fees to prevailing accused infringers in contravention of statutory intent and this Court’s precedent, thereby raising the standard for accused infringers (but not patentees) to recoup fees and encouraging patent plaintiffs to bring spurious patent cases to cause competitive harm or coerce unwarranted settlements from defendants?

## Justice Kennedy

- A “search for adjectives”.
- What is the difference between “objectively baseless” and “meritless”?

## Justice Scalia

- Totality of the circumstances.

## Solicitor General

- Award of fees appropriate when “necessary to prevent gross injustice.”

# 35 U.S.C. § 285, Standard of Review – *Highmark v. Allcare*

---

*Highmark, Inc. v. Allcare Health Mgmt. Sys., Inc.*, No. 12-1163

- Argued Feb. 26, 2014

Federal Circuit decision, 687 F.3d 1300 (Fed. Cir. 2012)

- Reversed district court award of attorney’s fees. 706 F. Supp. 2d 713 (N.D. Tex. 2010).
- “We determine whether a particular argument was objectively unreasonable without deference to the district court’s determination.” 687 F.3d at 1316.
- Rehearing *en banc* denied. 701 F.3d 1351 (Fed. Cir. 2012) (6-5).

## Question Presented

- 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.
- Decision likely depends on outcome of *Octane Fitness v. ICON*

# Patentable Subject Matter – *Alice Corp. v. CLS Bank Int'l*

---

*Alice Corp. v. CLS Bank Int'l*, No. 13-298

- Argued Mar. 31, 2014

## Patents-at-Issue

- Claims to computer implemented system, media, and a method for reducing “settlement risk” in financial transactions.
- District court granted summary judgment that the claims were invalid under 35 U.S.C. § 101. 768 F. Supp. 2d 221 (D.D.C. 2011).

Federal Circuit panel decision, 685 F.3d 1341 (Fed. Cir. 2012), *vacated*, 484 F. App'x 559 (Fed. Cir. 2012)

- Reversed district court (2-1).

Federal Circuit *rehearing* decision, 717 F.3d 1269 (Fed. Cir. 2013) (*en banc*)

- Divided court (7-3) affirmed district court.
- 6 opinions (none a majority); 135 pages.
- Asserted method and computer-readable media claims and system claims were not directed to patent eligible subject matter under 35 U.S.C. § 101.



# Patentable Subject Matter – *Alice Corp. v. CLS Bank Int'l*

---

Third time in recent years that the Supreme Court has addressed “abstract idea” under 35 U.S.C. § 101

- *Bilski v. Kappos*, 130 S. Ct. 3218 (2010).
- *Mayo Collaborative Servs. v. Prometheus Labs. Inc.*, 132 S. Ct. 1289 (2012).

## 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?

# Patentable Subject Matter – *Alice Corp. v. CLS Bank Int'l*

---

## Alice Corp.

- “Abstract idea” is a fundamental truth like a mathematical formula.
- A method of reducing risk in trading, and its implementation using a computer, is patent eligible.
- Claimed invention must be examined as a whole.

## CLS Bank Int'l

- Basic economic concept is abstract and is not made patent eligible by implementation on a conventional computer.

## 42 Briefs

## U.S. Solicitor General and USPTO

- “Abstract idea” is the sole mechanism for excluding claims directed to manipulation of non-technological concepts and relationships.
- Ultimate inquiry is whether claims are directed to an innovation in computing or another technical field.

# Indefiniteness – *Nautilus v. Biosig*

---

## ***Nautilus, Inc. v. Biosig Instruments, Inc.*, No. 13-369**

- **Cert. petition granted Jan. 10, 2014; argument Apr. 28, 2014**

## **Federal Circuit decision, 715 F.3d 891 (Fed. Cir. 2013)**

- **Reversed district court judgment of invalidity as indefinite.**
- **Claim term, “spaced relationship,” which refers to the space between the common and live electrodes in a heart rate monitor, was not “insolubly ambiguous.”**
- **“[C]laim language, specification, and the figures illustrating the ‘spaced relationship’ between the live and common electrodes are telling and provide sufficient clarity to skilled artisans as to the bounds of this disputed term.” 715 F.3d at 899.**
- **Rehearing *en banc* denied.**

# Indefiniteness – *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?

# Appellate Deference to Claim Construction – *Teva v. Sandoz*

---

***Teva Pharm. USA, Inc. v. Sandoz, Inc.*, No. 13-854**

- ***Cert.* petition granted Mar. 31, 2014 (to be heard next term)**

**Federal Circuit decision, 723 F.3d 1363 (Fed. Cir. 2013)**

- **Reversed district court claim construction.**
- **Patent invalid as indefinite; “average molecular weight” is insolubly ambiguous, despite district court factual findings that a person of ordinary skill would have understood the claim term.**
- **Denied rehearing *en banc*.**

**Federal Rule of Civil Procedure 52(a)**

- **“Findings of fact, [...] must not be set aside unless clearly erroneous [...]”**

# Appellate Deference to Claim Construction – *Teva v. Sandoz*

---

## Question Presented

- Whether a district court's factual findings in support of its construction of a patent claim term may be reviewed *de novo*, as the Federal Circuit requires (and as the panel explicitly did in this case), or only for clear error, as Rule 52(a) requires.

## Application to Recall and Stay the Federal Circuit's Mandate denied

- Generic versions of Copaxone may launch in late May when other patents expire.
- Patents-at-issue would expire in September 2015.
- Teva proposed \$500,000,000 bond.
- No showing of irreparable harm.

# 35 U.S.C. § 271(b), Induced Infringement – *Limelight v. Akamai*

---

*Limelight Networks, Inc. v. Akamai Techs., Inc.*, No. 12-786

- *Cert. petition granted Jan. 10, 2014, argument Apr. 30, 2014*

35 U.S.C. § 271(b)

- “Whoever actively induces infringement of a patent shall be liable as an infringer.”

Patented Technology

- Method of delivering web content.
- Some steps of method claim performed by Limelight, others by its customers.

Federal Circuit decision, 692 F.3d 1301 (Fed. Cir. 2012) (*en banc*) (6-5)

- Decision on two separate cases included *McKesson Techs., Inc. v. Epic Sys. Corp.*
- Limelight liable for inducing infringement of a method claim under 35 U.S.C. § 271(b) where Limelight performed some of the steps and induced others to practice remaining steps.
- Patentee no longer must show direct infringement by a single entity to prove induced infringement.

# 35 U.S.C. § 271(b), Induced Infringement – *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 entity has committed direct infringement under 35 U.S.C. § 271(a).

## 22 Amicus Briefs

## U.S. Solicitor General

- Brief in support of certiorari and reversal of Federal Circuit decision.
- Party cannot be liable for inducement under 35 U.S.C. § 271(b) if no party has directly infringed.
- If there is a statutory gap, Congressional action is required to fill it.



---

# FEDERAL CIRCUIT

# Claim Construction Standard of Review – *Lighting Ballast v. Philips*

---

*Lighting Ballast Control LLC v. Philips Elecs. N. Am. Corp.*, 2014 WL 667499 (Fed. Cir. Feb. 21, 2014) (*en banc*)

District Court claim construction, 2010 WL 4946343 (N.D. Tex. Dec. 2, 2010)

- Patent valid and infringed; “voltage source means” is not a means-plus-function limitation.

Federal Circuit panel decision, 498 F. App’x 986 (Fed. Cir. 2013)

- Claim construction is purely legal and subject to *de novo* review on appeal.
- Claim invalid as indefinite for containing a means-plus-function limitation and lacking a corresponding structure.

Questions that Court requested briefing on for *en banc* review, 500 F. App’x 951 (Fed. Cir. 2013)

- Whether the court should overrule *Cybor*;
- Whether the court should afford deference to the district court’s claim construction; and
- If so, which aspects.

# Claim Construction Standard of Review – *Lighting Ballast v. Philips*

---

## 21 Amicus Briefs

### Three Views

- *Markman* did not change the distinction between questions of law and questions of fact and did not address the standard of appellate review; the claim construction inquiry involves questions of fact; trial court constructions should be afforded deference on appeal unless clearly erroneous.
- U.S. Solicitor General's hybrid approach: factual findings given deference and reviewed for clear error; final conclusions on questions of law reviewed *de novo*.
- Claim scope is a question of law for the Court; *de novo* review by the Federal Circuit promotes uniformity; *stare decisis* compels following *Cybor*, which has been relied on for 15 years.

### Federal Circuit Rehearing (6-4) (*en banc*)

- Upheld the *de novo* standard of appellate review of claim construction set out in *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (Fed. Cir. 1998)(*en banc*).

# Scienter for Active Inducement – *Commil v. Cisco*

---

***Commil USA, LLC. v. Cisco Sys., Inc.*, No. 13-896**

- ***Cert. petition filed Jan. 23, 2014***

**Federal Circuit decision, 720 F.3d 1361 (Fed. Cir. 2013) (2-1)**

- ***Global-Tech Appliances Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011) requires knowledge that induced acts constitute patent infringement for liability under 35 U.S.C. § 271(b) (actual knowledge or willful blindness).**
- **Evidence of good faith belief in invalidity may negate requisite intent.**
- **Rehearing *en banc* denied. 737 F.3d 699 (Fed. Cir. 2013) (6-5).**

## **Questions Presented**

- **Whether the Federal Circuit erred in holding that a defendant’s belief that a patent is invalid is a defense to induced infringement under 35 U.S.C. § 271(b).**
- **Whether the Federal Circuit erred in holding that *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011) required retrial on the issue of intent under 35 U.S.C. § 271(b) where the jury (1) found the defendant had actual knowledge of the patent and (2) was instructed that “[i]nducing third-party infringement cannot occur unintentionally.”**

# Finality – *Baxter v. Fresenius*

---

***Baxter Int'l, Inc. v. Fresenius USA, Inc.*, No. 13-1071**

- **Cert. petition filed Mar. 5, 2014**

## **Procedural Background**

- **District court found the patents valid and infringed. 2007 WL 518804 (N.D. Cal. Feb. 13, 2007); 2008 WL 928496 (N.D. Cal. Apr. 4, 2008).**
- **Federal Circuit affirmed and remanded to reconsider injunction and post-verdict damages. 582 F.3d 1288 (Fed. Cir. 2009).**
- **District court case still pending; \$14M damages order is on appeal.**
- **PTO in subsequent post-grant proceedings invalidated all relevant claims; Federal Circuit affirmed. 678 F.3d 1357 (Fed. Cir. 2012).**

**Federal Circuit decision, 721 F.3d 1330 (Fed. Cir. 2013) (2-1)**

- **PTO reexamination binds concurrent district court infringement litigation.**
- **Vacated and remanded with instructions to dismiss.**

# Finality – *Baxter v. Fresenius*

---

## Newman's Dissent

- “The court’s ruling that PTO reexamination overrides the prior adjudication of patent validity is contrary to the legislative purposes of reexamination, offensive to principles of litigation finality and repose, and violative of the Constitution. The judicial decision of patent validity is not available for review, revision, or annulment by the PTO.” 721 F.3d at 1364.

Rehearing *en banc* denied. 733 F.3d 1369 (Fed. Cir. 2013) (6-4).

# Induced Infringement – *Suprema v. ITC*

---

*Suprema, Inc. v. Int’l Trade Comm’n*, 742 F.3d 1350 (Fed. Cir. 2013)

ITC Exclusion and Cease and Desist Order, Inv. No. 337-TA-720, 2011 WL 8883591 (Nov. 10, 2011)

- Barring importation of optical scanning devices.

## Technology

- One of the patents-at-issue, U.S. Pat. No. 7,203,344, claims methods of finger print imaging and capturing.
- The accused products are imported scanners that only infringe when used with domestically developed software; have substantial noninfringing uses.

## Federal Circuit decision

- ITC exclusion order based on a violation of the Tariff Act may not be predicated on a theory of induced infringement in which direct infringement does not occur until after importation of the articles that the exclusion order would bar.
- ITC authority under Section 337 of the Tariff Act “reaches ‘articles that . . . Infringe a valid and enforceable United States patent’ at the time of importation.” 742 F.3d at 1352.

Worldwide. For Our Clients.

[www.whitecase.com](http://www.whitecase.com)

White & Case, a New York State registered limited liability partnership, is engaged in the practice of law directly and through entities compliant with regulations regarding the practice of law in the countries and jurisdictions in which we have offices.