

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

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# **An Eclectic Potpourri**

# PTAB – The Most Active Forum

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

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

# Constitutionality of the IPR Procedure

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

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

# Prosecution History

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- ♦ A statement made during an IPR can be relied upon in a district court to support a finding of prosecution disclaimer.
  - Statement was made in a Patent Owner's Preliminary Response  
*Aylus Networks, Inc. v. Apple, Inc.* (Fed. Cir. May 11, 2017)

# Written Description

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- ◆ More frequent attention to quality of disclosure and claims
    - 35 U.S.C. § 112 issues.
  - ◆ Two examples:
    - Patentee could not rely on background knowledge of persons skilled in the art to supply missing details of a written description of a claimed invention of coffee pods
      - *Rivera v. Intl. Trade Comm.* (Fed. Cir. May 23, 2017).
    - Applying the proper claim construction, the claims lacked proper written description support
      - Claims themselves did not provide support, because they were added after filing
- Cisco Systems, Inc. v. Cirrex Systems, LLC* (Fed Cir. May 10, 2017)

# Secondary Considerations of Nonobviousness

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



# Doctrine of Equivalents – Chemical Material Patents

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

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

# Exceptional Cases

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

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# Supreme Court

# Infringement – Export of a Component

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- ♦ It is an infringement of a U.S. patent to export a “substantial portion of the components” ... “in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States”
  - 35 U.S.C. § 271(f)
- ♦ Supreme Court held that export of a single component did not satisfy the “substantial portion of the components” standard.
  - Reversed the Federal Circuit.
  - Life Technologies Corp. v. Promega Corp.* (Feb. 22, 2017)

# Laches

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- ♦ Laches is a defense that had been used in patent cases to avoid payment of past damages, because of an unfair delay by the patent owner in suing for infringement.
  - ♦ The Supreme Court has reversed the Federal Circuit's application of the laches doctrine.
    - The time limit on damages is provided by 35 U.S.C. § 286.
      - Damages are limited to 6 years before suit is filed.
    - Defense of estoppel, based on acts of a patent owner indicating that a patent would not be enforced, is apparently unaffected.
- SCA Hygiene Prods. AB v. First Quality Baby Prods. LLC* (March 21, 2017).

# Exhaustion

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

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

# Service of Process Under the Hague Convention

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

# Venue in Patent Actions—U.S. Corporations

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



# Venue in Patent Actions—U.S. Corporations

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

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

*TC Heartland LLC v. Kraft Food Group Brands LLC*

# Venue in Patent Actions—U.S. Corporations

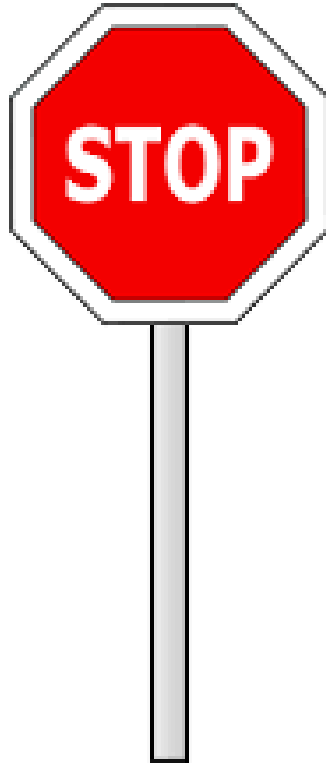
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- ◆ Now, for U.S. corporations, under § 1400(b):
  - “resides” means only the state of incorporation,
  - Venue is proper in patent infringement actions, outside of the state of incorporation, only if
    - There are “acts of infringement” in the district,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

# Venue in Patent Actions—Foreign Corporations

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



**Our time has expired**

# *Thank you*

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