



Oct. 6-8, 2015
U.S. Patent Law Update

Nicolas E. Seckel

Intellectual Property Law

© 2015 Nicolas Seckel

Oct. 6-8, 2015 U.S. patent law update

- 1) Patent-eligibility – laws of nature, natural phenomena
 - USPTO guidance to Examiners (Dec. 2014)
 - 2) Claim interpretation – definiteness
 - *Nautilus v. Biosig* (S. Ct. 2014), *Teva v. Sandoz* (S. Ct. 2015)
 - 3) Joint/divided infringement
 - *Akamai v. Limelight* (Fed. Cir. en banc, Aug. 2015)
 - Note on induced infringement
 - 4) Post-grant proceedings update
 - Proposed changes to the rules, statistics
-



Oct. 6-8, 2015
Patent Eligibility:
Laws of Nature, Natural Phenomena
Nicolas E. Seckel

Intellectual Property Law

Judicially-created exceptions to patentable subject-matter: abstract ideas

- Alice v. CLS (S. Ct. 2014)
 - Method of processing financial transactions: not eligible
 - Bilski v. Kappos (S. Ct. 2010)
 - Method of managing risk in transactions: not patent-eligible
 - Diamond v. Diehr (S. Ct. 1981)
 - Curing synthetic rubber using algorithm: patent-eligible (inventive application of the principle)
 - Farker v. Flook (S. Ct. 1978)
 - Catalytic conversion of hydrocarbons using formula: not patent eligible (field of use limitation)
 - Gottschalk v. Benson (S. Ct. 1972)
 - Converting binary-coded decimal into pure binary numerals: not patent eligible (algorithm itself)
-

Judicially-created exceptions to patentable subject-matter: natural phenomena and laws of nature

- AMP v. Myriad (S. Ct. 2013)
 - Genes: not patent-eligible (except cDNA if different)
 - Mayo v. Prometheus (S. Ct. 2012)
 - Diagnostic methods: not patent-eligible (law of nature)
 - Diamond v. Chakrabarty (S. Ct. 1981)
 - Genetically modified bacteria that degrades oil: patent-eligible (markedly different from natural bacteria)
 - Funk Brothers Seed v. Kalo Inoculant (S. Ct. 1948)
 - Mixture of specific nitrogen-fixing bacteria without mutual inhibition: not patent-eligible (no “invention” beyond discovery of law of nature)
-

USPTO Mayo-Myriad guidance memo

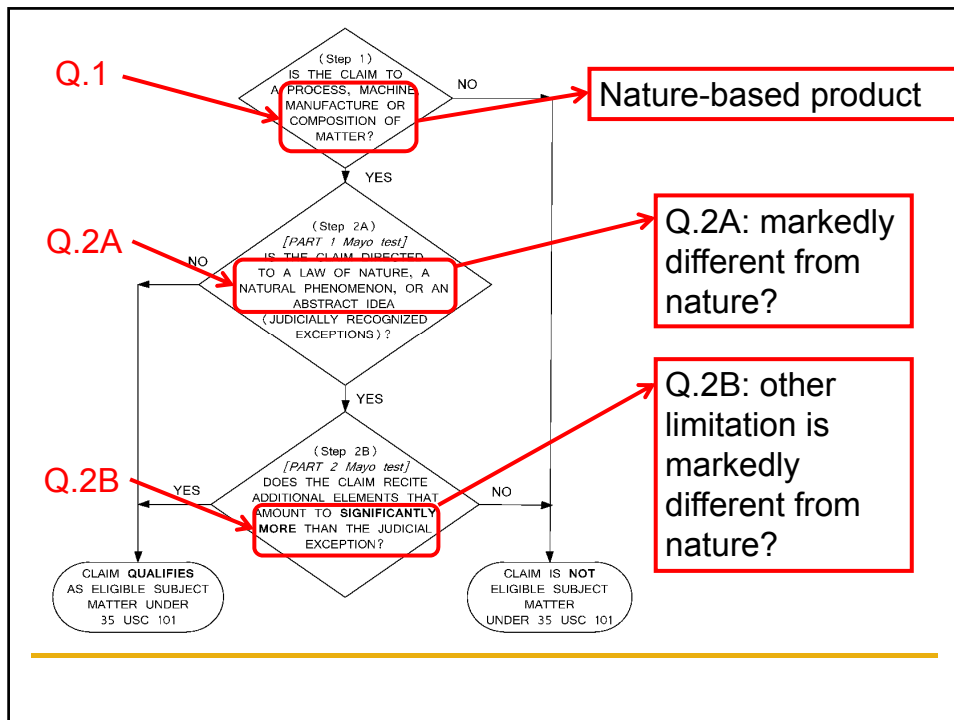
- USPTO Dec. 2014 Interim Guidance on Patent Subject Matter Eligibility and July 2015 Update
<http://www.uspto.gov/patent/laws-and-regulations/examination-policy/2014-interim-guidance-subject-matter-eligibility-0>
 - USPTO Nature-Based Product Examples (Dec. 2014)
http://www.uspto.gov/patents/law/exam/mdc_examples_nature-based_products.pdf
 - USPTO Examiner Training Slide Show (Jan. 2015)
<http://www.uspto.gov/sites/default/files/documents/101%20JE%20training%20Nature-Based%20Products%20Module.pdf>
-

Patent-eligibility analysis

- Question 1: Is the claimed invention directed to one of the four statutory patent-eligible subject matter categories: **process, machine, manufacture, or composition of matter**?
 - Question 2A: Does the claim recite or involve one or more **judicial exceptions**?
 - Question 2B: Does the claim as a whole recite something “**significantly different**” than the judicial exception(s)?
-

Laws of nature, natural phenomena

- **Product claims**
 - Nature-based products
 - Method claims
 - Methods of providing nature-based products
 - Methods of using nature-based products
 - Diagnostic methods
-



Streamlined analysis

- Claim clearly recites “**significantly more**” than any judicial exception
- USPTO examples:
 - Artificial hip prosthesis with natural mineral coating
 - Plastic chair with wooden trim

Nature-based product analysis: “markedly different characteristics” test

- Compare to naturally occurring counterpart
 - Product as found in nature
 - Individual components of a combination
- Examples of differences:
 - **Structure and form** (cf. March 2014 guidance)
 - **Phenotype**
 - **Chemical and physical properties**
 - **Biological function or activity**
- Differences came from inventor’s efforts or influence

Summary of Factors

March 2014 factors are abandoned

Factors that weigh <u>in favor of</u> eligibility (significantly different)	Factors that weigh <u>against</u> eligibility (not significantly different)
<p>a) Product claim recites something that initially appears to be a natural product, but after analysis is determined to be non-naturally occurring and <u>markedly different</u> in structure from naturally occurring products.</p> <p>Claim recites elements/steps in addition to the judicial exception(s) that:</p> <p>b) Impose meaningful limits on the claim scope.</p> <p>c) Relate to the judicial exception(s) in a significant way, e.g., they are more than insignificant extra-resolution activity.</p> <p>d) Do more than describe the judicial exception(s) with general instructions to apply/use it.</p> <p>e) Include a particular machine or particular transformation, which implements or integrates the judicial exception(s).</p> <p>f) Add a feature that is more than well-understood, purely conventional or routine.</p>	<p>g) Product claim recites something that appears to be a natural product that is <u>not</u> markedly different in structure from naturally occurring products.</p> <p>Claim recites elements/steps in addition to the judicial exception(s) that:</p> <p>h) Are recited at a high level of generality.</p> <p>i) Must be used/taken by others to apply the judicial exception(s).</p> <p>j) Are well-understood, purely conventional or routine.</p> <p>k) Are insignificant extra-resolution activity, e.g., are merely appended to the judicial exception(s).</p> <p>l) Amount to nothing more than a mere field of use.</p>

March 19, 2014

March 2014 example

Natural product

NOT markedly different in structure

Markedly different in structure



Other March 2014 example

1. A beverage composition comprising:
a) pomelo juice; and
b) a preservative.



- Preservative covers natural product (vitamin E) under broadest reasonable interpretation
- **NOT** markedly different in structure (addition of vitamin E does not change the juice)
- NOT patent eligible

Dec 2014 example 1: Gunpowder

- Claim: Gunpowder comprising: an **intimate finely-ground mixture** of 75% potassium nitrate, 15% charcoal and 10% sulfur
 - No naturally occurring counterpart, so the combination is compared to the individual natural components
 - Explosive property is markedly different from properties of individual components
 - **Markedly different (different properties)**
-

Dec 2014 example 2: Pomelo juice

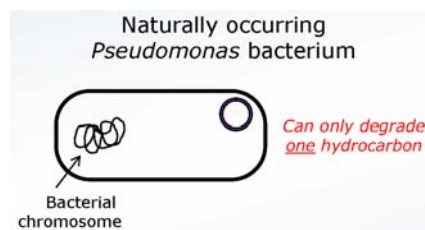
- Claim: A beverage composition comprising pomelo juice and an **effective amount** of an added preservative.
 - Pomelo juice is naturally occurring substance
 - Preservative (natural or non-natural) affects the juice so it spoils much more slowly
 - Slower spoiling property of composition is markedly different from the naturally occurring juice
 - **Markedly different (different properties)**
-

Dec 2014 example 3: Amazonic acid

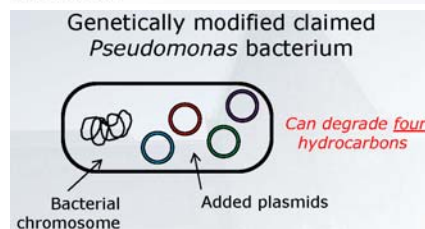
- Claim 1: Purified amazonic acid
 - Amazonic acid is found in nature, has anti-tumor properties
 - Purified amazonic acid has no difference in structure, function, or other properties
 - **NOT markedly different**
- Claim 3: Deoxyamazonic acid
 - Not known to exist in nature
 - Structurally different, but no functional difference
 - **Markedly different (different structure)**
- Claim 6: A stable aqueous composition comprising: amazonic acid; and a solubilizing agent
 - Amazonic acid is insoluble in nature
 - **Markedly different (different properties)**

Dec. 2014 example 5 (cf. Chakrabarty S. Ct. decision)

Natural product

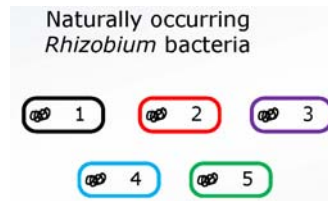


Markedly different

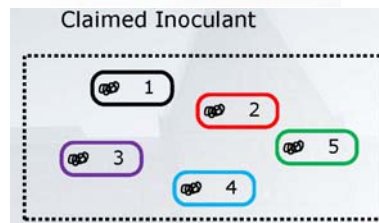


Dec. 2014 example 6
(cf. Funk Bros. S. Ct. decision)

Natural product

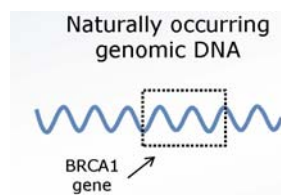


NOT markedly different

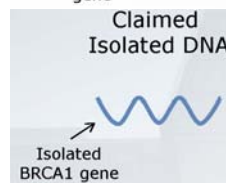


Dec. 2014 example 7
(cf. Myriad S. Ct. decision)

Natural product

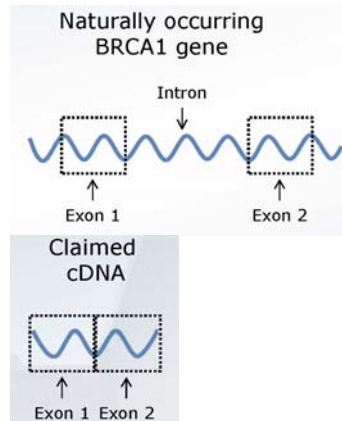


NOT markedly different



Dec. 2014 example 7 (cf. Myriad S. Ct. decision)

Natural product



Markedly different

Dec 2014 example 10

- Claim 1: A kit for preparing goat milk yogurt comprising: *Streptococcus thermophilus* and *Lactobacillus alexandrinus*
 - Claim 2: A yogurt starter culture comprising: goat milk mixed with *Streptococcus thermophiles* and *Lactobacillus alexandrines*
-

Example 10 (cont.)

- Spec: mixed bacteria act synergistically to ferment the goat milk at twice the speed, and resulting yogurt is much lower in fat
 - Claim 1 (kit)
 - **NOT** markedly different (synergy is intended purpose)
 - Claim 2 (culture)
 - **Markedly different** (different properties)
-

Tips for nature-based products

- Description: explain marked differences
 - Claims: recite language specifying the markedly different product (structure and/or properties)
 - Responses: argue the “marked differences”
 - Similar (and parallel) to other art rejections
-

Laws of nature, natural phenomena

- Product claims
 - Nature-based products
 - Method claims
 - Methods of providing nature-based products
 - Methods of using nature-based products
 - Diagnostic methods
-

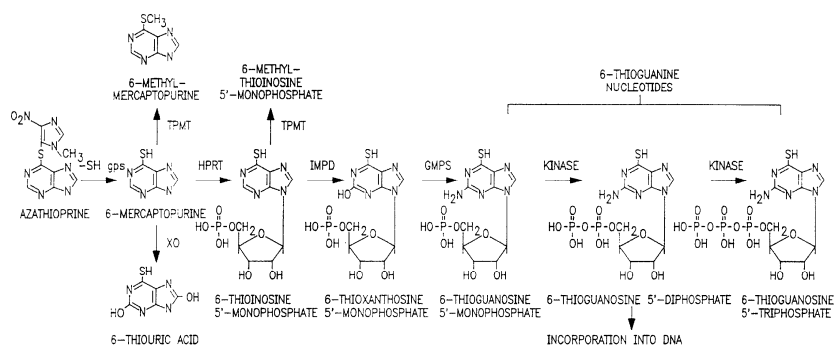
Dec 2014 ex. 2: Pomelo juice (cont.)

- Claim: A method comprising providing a pomelo fruit
 - No difference in substance to a product claim
 - Must be subjected to the “markedly different” analysis
 - **NOT markedly different**
-

Dec 2014 ex. 3: Amazonic acid (cont.)

- Claim 8: A method of treating cancer, comprising: administering an effective amount of purified amazonic acid to a patient suffering from cancer.
 - Recites a nature-based product
 - Practical application to treat a particular disease (does not seek to tie up any application)
 - **Patent-eligible (streamlined analysis)**

Mayo v. Prometheus (S. Ct. 2012) Prometheus patent



Mayo v. Prometheus (S. Ct. 2012)

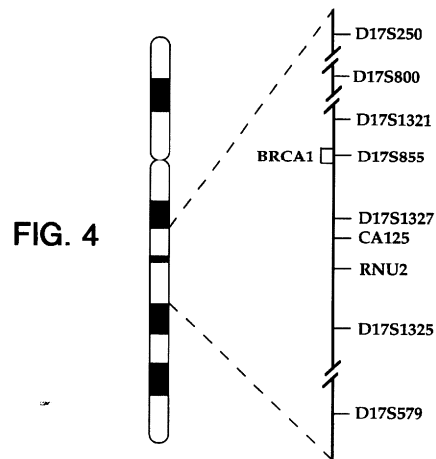
Prometheus method claim

- 1. A method of optimizing therapeutic efficacy for treatment of an immune-mediated gastrointestinal disorder, comprising:
 - (a) **administering** a drug providing 6-thioguanine to a subject having said immune-mediated gastrointestinal disorder; and
 - (b) **determining** the level of 6-thioguanine in said subject having said immune-mediated gastrointestinal disorder,
 - **wherein** the level of 6-thioguanine less than about 230 pmol per 8×10^8 red blood cells indicates a need to increase the amount of said drug subsequently administered to said subject and
 - wherein the level of 6-thioguanine greater than about 400 pmol per 8×10^8 red blood cells indicates a need to decrease the amount of said drug subsequently administered to said subject.
-

S. Ct. decision in Mayo

- Not “significantly more” than natural correlations
 - “Administering” step:
 - Defines relevant audience (doctors/patients)
 - “Wherein” clauses:
 - Define relevant natural laws
 - “Determining” step:
 - Well-understood, routine, conventional activity
 - Extra-solution activity
 - **NOT patent-eligible**
-

Assoc. Mol. Pathology v. Myriad (S. Ct. 2012)
Myriad patent



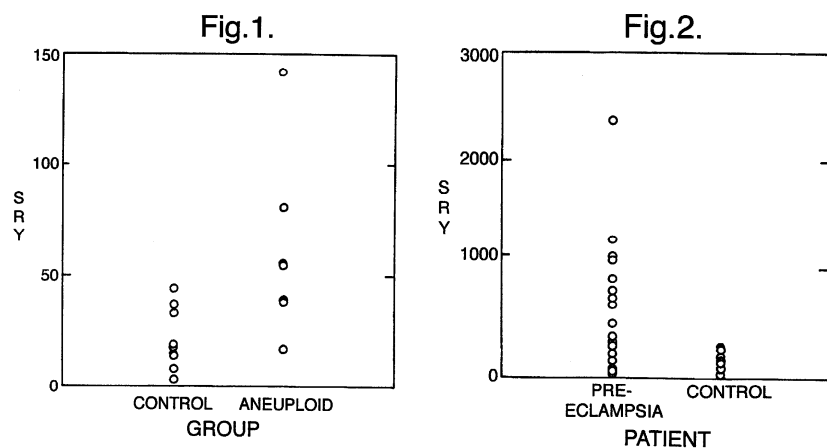
Assoc. Mol. Pathology v. Myriad (S. Ct. 2012)
Myriad method claim

- 1. A method for screening a tumor sample from a human subject for a somatic alteration in a BRCA1 gene in said tumor which comprises... **comparing** a... BRCA1 gene from said tumor sample... with a BRCA1 gene... from a nontumor sample of said subject,
 - **wherein** a difference in the sequence of the BRCA1 gene... from said tumor sample from the sequence of the BRCA1 gene... from said nontumor sample indicates a somatic alteration in the BRCA1 gene in said tumor sample
-

S. Ct. decision in Myriad

- Abstract idea
 - Similar to the “administering” and “determining” claims in Mayo
 - **NOT patent-eligible**
-

Ariosa v. Sequenom (Fed. Cir. June 12, 2015) Ariosa patent



Ariosa v. Sequenom (Fed. Cir. June 12, 2015) Ariosa method claim

- 1. A method for detecting a paternally inherited nucleic acid of fetal origin performed on a maternal serum or plasma sample from a pregnant female, which method comprises
 - **amplifying** a paternally inherited nucleic acid **from the serum or plasma sample** and
 - **detecting** the presence of a paternally inherited nucleic acid of fetal origin in the sample.
-

Fed. Cir. decision in Ariosa

- Presence of paternally inherited cffDNA in the mother's blood is a natural phenomenon
 - Claim 1 does NOT recite "significantly more" than the judicial exception
 - DNA amplification was well-understood, routine, conventional activity
 - The patent describes the use of "standard techniques" and the applicant argued "routine" techniques
 - **NOT patent-eligible**
-

Judicial exception applies even if no preemption

- S. Ct. in Mayo, Alice: judicial exceptions are to avoid preemption of fundamental knowledge
 - Laws of nature, natural phenomena, and abstract ideas are “the basic tools of scientific and technological work”
 - Patent law should leave open “future use of these building blocks of human ingenuity”
 - Patentee argument: this particular use of cffDNA does not preempt many other uses
 - Fed. Cir. In Ariosa: preemption tends to indicate patent-ineligibility, but no preemption does not tend to indicate patent-eligibility
-

Concurring judge

- The concurring judge thinks the invention would have deserved to be patent-eligible, but he cannot change the broad “purely conventional or obvious” Mayo test
-

Conclusion

- In Ariosa, the Fed. Cir. could have decided that PCR of a new target in a new medium is not “purely conventional”
 - In Mayo, doctors were already administering the drug and determining metabolite levels in patients (the patent taught “how”)
 - In Ariosa, nobody was testing the mother’s blood before the invention (the patent taught “what”)
 - To be continued...
-



Oct. 6-8, 2015
Claim Interpretation - Definiteness

Nicolas E. Seckel

Intellectual Property Law

Claim interpretation - definiteness

- Different manners of interpreting claims
 - In courts: “ordinary and customary meaning”
 - At the USPTO: “broadest reasonable interpretation”
 - Evolving manner of evaluating definiteness
 - Before *Biosig v. Nautilus* (2014): “not insolubly ambiguous”
 - After *Biosig v. Nautilus* (2014): “reasonable certainty”
-

1) Claim interpretation

Ordinary and customary meaning

- Intrinsic evidence
 - Words of the claims
 - Description
 - Prosecution history
 - Extrinsic evidence (if it does not contradict intrinsic evidence)
 - Dictionaries, technical information
 - Experts
 - Phillips v. AWH Corp. (Fed. Cir. en banc 2005)
-

Alternative claim interpretation: Broadest reasonable interpretation

- Broadest interpretation as understood by the person of the art, not inconsistent with the description
 - Main rationale is clarity: in the context of examination, the inventor can amend the claims to clarify meaning
 - In re Morris (Fed. Cir. 1997)
 - Fed. Cir. reviews USPTO actions' "reasonableness"
 - USPTO guidelines (MPEP 2111)
-

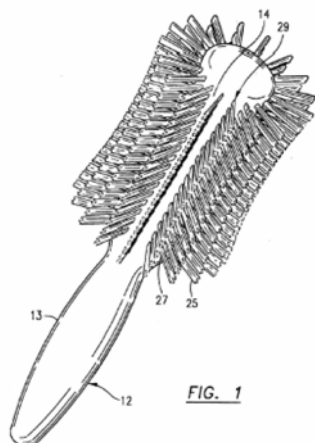
USPTO's use of broadest reasonable interpretation

- In pending applications
 - In reissue applications
 - In ex parte reexaminations
 - In inter partes reexaminations
 - In post-grant proceedings (In re Cuozzo, Fed. Cir. 2015)
 - Applicant has at least one opportunity to present a claim amendment
-

USPTO's exceptional use of ordinary and customary meaning

- Reexamination of an expired patent
 - No opportunity to amend the claims since the patent has expired
 - Question: if the patent expires after a first action in a reexamination, how are claims interpreted?
 - PTAB applied broadest reasonable interpretation, currently on appeal at the Fed. Cir. (In re Tan)
-

Example:
In re Bigio (Fed. Cir. 2006)



Example:
In re Bigio (Fed. Cir. 2006)

- Claim: a “hair brush” with specific types of bristles
 - Specification: describes brushes for scalp hair
 - Examiner: claim covers any brush for any type of hair, for example, mustache hair
 - Claim rejected over art describing toothbrushes
 - Fed. Cir.: Affirmed
-

Practice note: a broad, unusual interpretation
is not necessarily unreasonable

- In practice, during examination, a claim term is often effectively limited only by
 - an express definition in the claim, or
 - a lexicographic definition in the description, or
 - means-plus-function language/structures
-

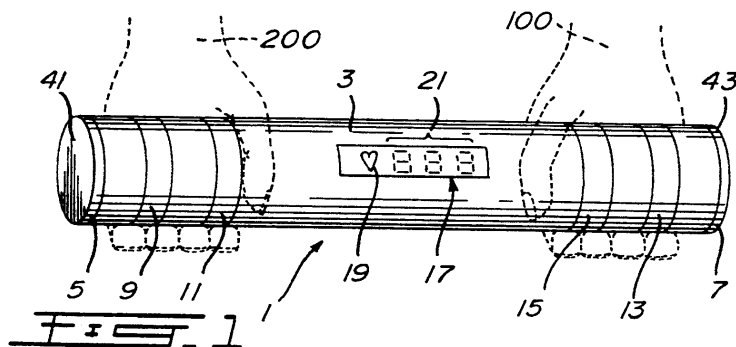
2) Definiteness

The lenient old standard

- Section 112(b): The specification shall conclude with one or more claims **particularly pointing out and distinctly claiming** the subject matter which the inventor or a joint inventor regards as the invention.
 - Federal Circuit's pre-2014 standard: claims must be "**not insolubly ambiguous**", i.e., "amenable to construction"
-

Biosig v. Nautilus (S. Ct. 2014): the stricter new definiteness standard

- Claim: a heart rate monitor with two electrodes “in spaced relationship”

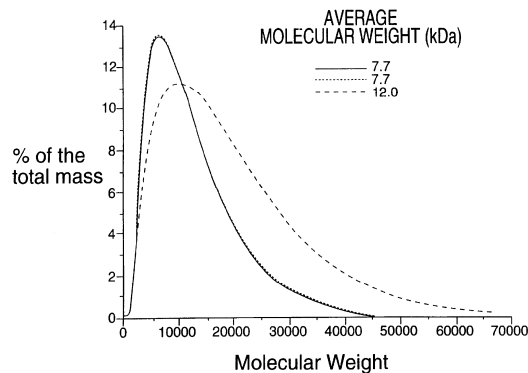


Biosig v. Nautilus (S. Ct. 2014): the stricter new definiteness standard

- Claim: a heart rate monitor with two electrodes “in spaced relationship”
- Fed. Cir.: not insolubly ambiguous, description provides “inherent parameters” (mainly, dimensions of the body on which the electrodes are intended to be placed)
- S. Ct.: remanded, claim must inform of the scope with “reasonable certainty”
- Fed. Cir. on remand (April 27, 2015): claim is still definite under the new standard

Teva v. Sandoz (S. Ct. 2015): definiteness inquiry includes fact issues

- Claim: drug manufacturing method using a base ingredient having “a molecular weight of 5 to 9 kilodaltons”



Teva v. Sandoz (S. Ct. 2015): definiteness inquiry includes fact issues

- Claim: drug manufacturing method using a base ingredient having “a molecular weight of 5 to 9 kilodaltons”
 - Trial record: three manners of measuring (peak average, number average, weight average)
 - District Court: claim is definite, the first method applies (based on expert testimony)
 - Federal Circuit: reviewed without deference, reversed, claim is indefinite
-

Teva v. Sandoz (cont.)

- S. Ct.: the Federal Circuit must review the District Court's findings of facts regarding definiteness with deference ("clear error")
 - Ultimate conclusion regarding definiteness is a question of law based on questions of facts
 - Note: similar to obviousness (ultimate question of law based on questions of facts)
- Vacated and remanded

Dow v. Nova (Fed. Cir. Aug 28, 2015): definite pre-Nautilus, indefinite after

- Claim: an ethylene polymer having... **a slope of hardening coefficient [SHC]**
- Description:
 - $SHC = (\text{slope of strain hardening}) * (I_2)^{0.25}$
- Figure:

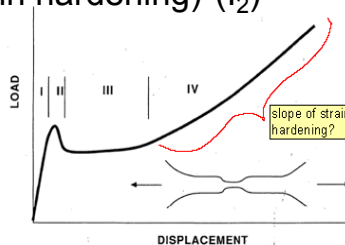


Figure 8. A typical load-displacement curve.

Dow v. Nova (Cont.)

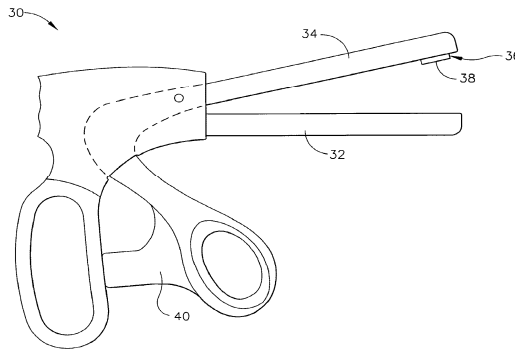
- Trial record: four methods for measuring slope
 - 10% secant tangent method
 - Final slope method
 - Most linear method
 - Dow expert's "fifty-data-points linear regression" method
-

Dow v. Nova (Cont.)

- District Court (jury verdict): not indefinite
 - Fed. Cir., pre-Nutilus: affirmed, not indefinite, person of the art would have chosen the expert's method
 - S. Ct.: remanded in view of Nutilus "reasonable certainty" standard
 - Fed. Cir. on remand (post-Nutilus): claim invalid for indefiniteness
-

Ethicon v. Covidien (Fed. Cir. Aug 7, 2015): Not every imprecision is indefiniteness

- Claim: a surgical shears, with “an average predetermined clamping pressure between and including 60 psi and 210 psi on tissue”



Ethicon v. Covidien (Fed. Cir. Aug 7, 2015): Not every imprecision is indefiniteness

- Claim: a surgical shears, with “an average predetermined clamping pressure between and including 60 psi and 210 psi on tissue”
 - District Court: invalid as indefinite
 - No description of a measurement method
 - No description of exact location of measurement
 - No description of type of tissue subject to measurement
 - No industry standard
 - Patentee tested its own device using four different techniques and obtained four different results
-

Ethicon v Covidien (cont.)

- Fed. Cir.: reversed, claim is definite
 - The person of the art uses different methods but they all try to reach the same “average”
 - The different values for the four methods used with the Ethicon’s commercial product are “natural variances in real-world testing conditions”
-

Conclusion

- Definiteness evaluation has become stricter
 - Description: provide an express definition of important parameters
 - Describe an example of measurement technique
 - Describe acceptable variations (define “about”)
-

www.WHDApatentlaw.com



 WESTERMAN
HATTORI
DANIELS &
ADRIAN, LLP

Oct. 6-8, 2015
Joint/Divided Infringement
Nicolas E. Seckel

Intellectual Property Law

Typical method claim (external website content)

19. A content delivery service, comprising:
- **replicating** a set of page objects across a wide area network of content servers managed by a domain other than a content provider domain;
 - for a given page normally served from the content provider domain, **tagging the embedded objects of the page** so that requests for the page objects resolve to the domain instead of the content provider domain;
 - responsive to a request for the given page received at the content provider domain, **serving** the given page from the content provider domain; and
 - **serving** at least one embedded object of the given page from a given content server in the domain instead of from the content provider domain.
-

Other typical method claim (patient health management network)

- 1. A method of automatically and electronically communicating between at least one health-care provider and a plurality of users serviced by the health-care provider, said method comprising the steps of:
 - **Initiating a communication by one of the plurality of users to the provider for information**, wherein the provider has established a preexisting medical record for each user;
 - **Enabling** communication by transporting the communication through a provider/patient interface over an electronic communication network to a Web site which is unique to the provider...
 - Electronically **comparing** content of the communication with mapped content...
 - **Returning** the response to the communication automatically...
-

Other typical method claim (diagnostic)

- 1'. A method of optimizing therapeutic efficacy for treatment of an immune-mediated gastrointestinal disorder, comprising:
- (a) **administering** a drug providing 6-thioguanine to a subject having said immune-mediated gastrointestinal disorder; and
 - (b) **determining the level of 6-thioguanine in said subject** having said immune-mediated gastrointestinal disorder,
 - wherein the level of 6-thioguanine less than about 230 pmol per 8×10^8 red blood cells indicates a need to increase the amount of said drug subsequently administered to said subject and
 - wherein the level of 6-thioguanine greater than about 400 pmol per 8×10^8 red blood cells indicates a need to decrease the amount of said drug subsequently administered to said subject,
 - *wherein said determining is performed by contacting a blood sample from the subject with antibody XYZ.*
-

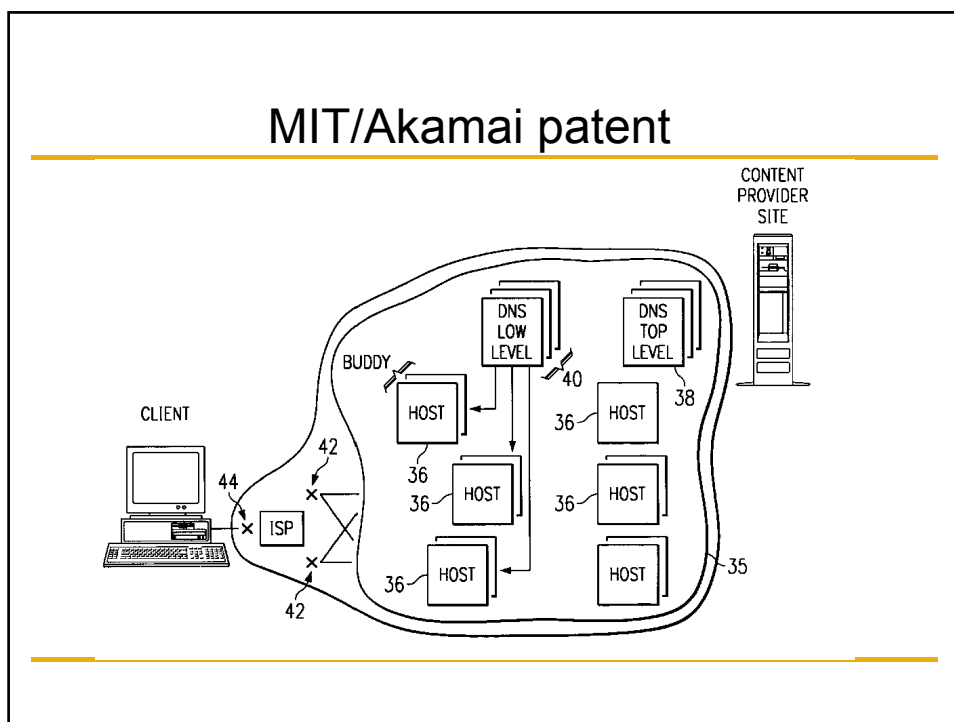
Direct infringement

- Section 271(a): Except as otherwise provided in this title, **whoever without authority** makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.
 - Requires an **actor responsible** for direct infringement
-

Akamai v. Limelight

- Providing embedded objects to content providers:
 - Content providers: add tags in websites
 - External content provider: embeds information from a remote address into the tagged site
 - Website visitors: visit the website and view a seamless composite page
-

MIT/Akamai patent



MIT/Akamai patent claims

19. A content delivery service, comprising:

- **replicating** a set of page objects across a wide area network of content servers managed by a domain other than a content provider domain;
- for a given page normally served from the content provider domain, **tagging** the embedded objects of the page so that requests for the page objects resolve to the domain instead of the content provider domain; **performed by content provider**
- responsive to a request for the given page received at the content provider domain, **servicing** the given page from the content provider domain; and
- **servicing** at least one embedded object of the given page from a given content server in the domain instead of from the content provider domain.

Akamai District Court (2008): jury verdict of infringement set aside

- Jury verdict of direct infringement
 - Jury found that Limelight “directs and controls” its customers to perform the “tagging” step
 - Judge granted JMOL (judgment as a matter of law) of no direct infringement
 - Federal Circuit precedent required “agency” relationship to establish direct infringement by a single actor
 - Limelight customers have the freedom to use the service or not, so they are not “agents”
 - Akamai appealed
-

Akamai Fed. Cir. Panel (2010): customers are not agents

- Akamai argument: content providers are “agents” because Akamai requires contract to use Akamai’s content delivery services, provides instructions on how to modify website
 - Fed. Cir. panel: Limelight controls access but does not direct the users, so they are not “agents”
 - Akamai filed a petition for rehearing “en banc”
-

Akamai Fed. Cir. en banc (2012): inducement

- Section 271(b): **Whoever actively induces** infringement of a patent shall be liable as an infringer.
 - Induced infringement:
 - Knowledge of actions by third party
 - Knowledge that these actions constitute patent infringement
 - Fed. Cir. “en banc”: Induced infringement does not require a single actor for direct infringement
 - Per curiam (6-5), no majority opinion, 2 dissents
 - Limelight petitioned for certiorari at the Supreme Court
-

Akamai Supreme Ct. (Jun. 2014): inducement requires direct infringement

- Vacated and Remanded
 - Section 271(b) induced infringement requires Section 271(a) direct infringement
 - Fed. Cir. may revisit Muniauction’s single actor rule “if it so chooses”
-

Akamai Fed. Cir. “en banc” (Aug. 13, 2015) More ways to find direct infringement

- “Direction or control” test broadened
 - Agency or contractual obligation (as previously – for example, employees, subcontractors)
 - **Conditioning performance** (new)
 - Conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method Joint enterprise, and
 - Establishes the manner or timing of that performance
 - Example: customers via an adhesion contract
-

Akamai Fed. Cir. “en banc” 2015 (Cont.)

- “Direction or control” test broadened
 - **Joint enterprise** (new)
 - An agreement, express or implied, among the members of the group
 - A common purpose to be carried out by the group
 - A community of pecuniary interest in that purpose, among the group members
 - An equal right to a voice in the direction of the enterprise, which gives an equal right of control
 - Example: pooling of resources among several companies (?)
-

Akamai result: jury verdict of direct infringement re-instated

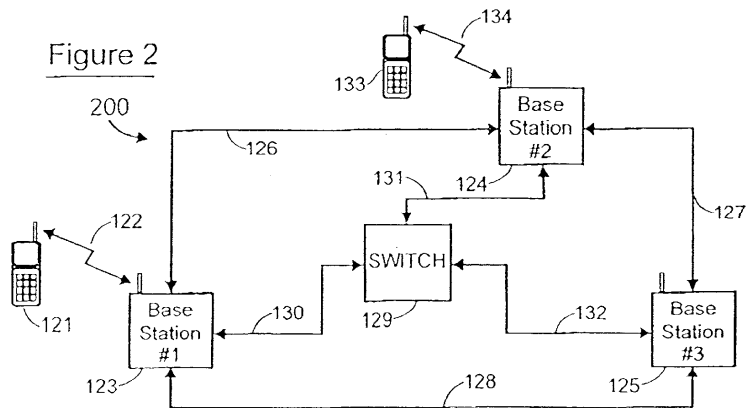
- Direct infringement is a question of fact
 - Conditioning performance:
 - Limelight used a form contract
 - Step-by-step instructions to use the service
 - Specifications for the tagging and server identification
 - Requirement that customers provide “all cooperation and information reasonably necessary”
 - Establishing manner:
 - Detailed instructions on how to use the service
 - Technical account manager organizes the implementation
 - Limelight’s engineers assisted with installation and quality assurance
 - Substantial evidence that customers did more than “take Limelight’s guidance and act independently on their own”
-

Note on induced infringement

- Section 271(b): **Whoever actively induces** infringement of a patent shall be liable as an infringer.
 - Induced infringement requires:
 - Direct infringement
 - A third party as direct infringer, and
 - Intent
 - Knowledge of actions by third party, and
 - Knowledge that these actions constitute patent infringement
-

Commil v. Cisco (Fed. Cir. 2014)

Figure 2



Commil v. Cisco (Fed. Cir. 2014)

- Cisco: argued that its belief in invalidity of the Commil patents negated the intent required to induce infringement
 - District Court: refused entry of evidence
 - Fed. Cir.: good faith belief in invalidity of the patent negates the intent required for inducing infringement
 - No “principled difference” between believing in non-infringement and believing in invalidity
-

Commil v. Cisco (S. Ct. May 26, 2015)

- S. Ct.: Belief in invalidity is NOT a defense to inducement
 - Presumption of validity (high “clear and convincing evidence” standard, instead of “preponderance of evidence” to prove infringement)
 - Other means to challenge validity (USPTO procedures, affirmative defenses, etc.)
 - General rule “ignorance of the law is not a defense”
 - Note: subjective belief in invalidity can still be invoked to negate willful infringement (even if there was a high objective likelihood of validity)
-

Conclusion

- Draft “single actor” claims when possible to avoid Akamai’s problems
 - Review contractual relationships for risk of inducement
 - Invalidity opinions of counsel will not help to avoid induced infringement, but may help to avoid willful infringement
-



Oct. 6-8, 2015
Update on Post-Grant Proceedings

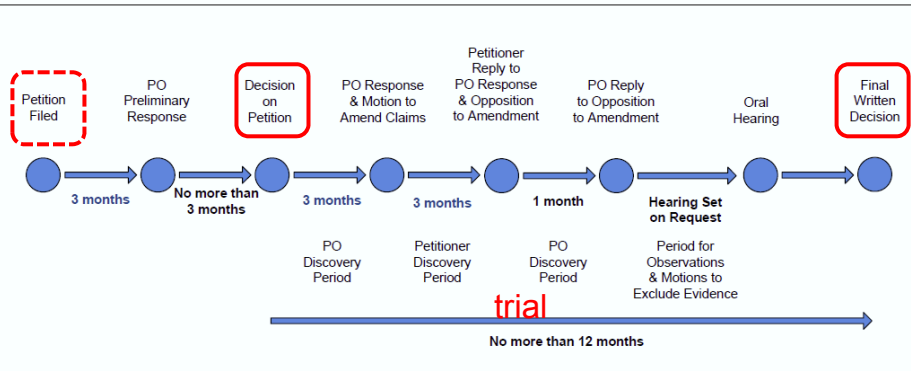
Nicolas E. Seckel

Intellectual Property Law

Post-grant proceedings under AIA

- Inter Partes Review (IPR)
 - All enforceable patents (pre-AIA and post-AIA)
 - Anticipation/obviousness based only on patents and publications
- Covered Business Method Patent Review (CBM)
 - Non-technological financial services patents
 - Anticipation, obviousness, indefiniteness, sufficiency of description, patent-eligibility
- Post-Grant Review (PGR)
 - First-to-file patents only, within 9 months from issuance
 - Anticipation, obviousness, indefiniteness, sufficiency of description (except best mode), patent-eligibility
- Derivation Proceeding (DER)
 - Interference phased out March 16, 2013

Timeline



Modifications to trial rules

- Effected (“Quick-Fix”, May 19, 2015)
 - 10 more pages (to 25) for patent owner’s motion to amend brief and petitioner’s reply
 - Note: the prior art over which the patent owner must show patentability is:
 - Prior art of record: material art in any USPTO proceeding involving the patent
 - Prior art known to the patent owner: material art made of record in the proceeding by the patent owner
 - MasterImage v RealD (PTAB July 15, 2015)

Modifications to trial rules

- Proposed:
 - New testimony in patent owner's preliminary response
 - On claim interpretation, obviousness, etc.
 - Petitioner's preliminary reply
 - Must ask for leave
 - No right to cross-examine until institution
 - Factual disputes resolved in favor of petitioner
 - Pre-filing investigation requirements (analogous to Rule 11 in Federal Court)
-

Modifications to trial rules

- Postponed:
 - Handling of additional discovery and confidential information
 - Recognition of client-attorney privilege for foreign patent practitioners and agents
-

Modifications to trial rules

- Rejected:
 - No change to the practice of denying institution on redundant grounds
 - No change to the practice of limiting additional discovery
 - No convergence with EPO practices (participation of the prosecution Examiner, substitute sets of claims, etc.)
 - Note: more than one substitute claim is already acceptable with “demonstration of need”
-

3-year statistics

- Petitions
 - 3277 IPR
 - 368 CBM
 - 10 PGR
 - 45% of the claims in the patents are challenged
 - Institutions
 - 1389 IPR (42%)
 - 185 CBM (50%)
 - 2 PGR
 - 65% of claims challenged are subject to trial institution
-

3-year Statistics

- Settlement
 - 45% of instituted trials end by settlement
 - Final decision:
 - 42% of claims subject to trial are invalidated
 - 9% of claims subject to trial are upheld
 - 65% of final decisions invalidate all claims (CBM 80%)
 - 16% of final decisions uphold all claims (CBM 4%)
-

Conclusion

- PGP are about three times more successful than had been initially expected by the USPTO
 - Procedure favors the petitioner, but statistics are improving for patent owners
 - Proposed changes to the rules are slightly more favorable to patent owners
-

Questions, comments?

Nicolas E. Seckel
(1) 202-822-1100
nseckel@whda.com

This presentation is not legal advice
