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Oct. 2016

Patent Eligibility:
Laws of Nature, Natural Phenomena
Nicolas E. Seckel

Intellectual Property Law

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Update on patent-eligibility Laws of nature, natural phenomena

- Reminder list of Supreme Court decisions
 - New USPTO guidance and examples
 - A new Federal Circuit decision finding claim patent-eligible
-

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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)
-

Ariosa v. Sequenom (Fed. Cir. June 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
 - Absence of pre-emption is not determinative
 - **NOT patent-eligible**
 - **Certiorari denied (June 27, 2016)**
-

Mayo/Alice patent-eligibility analysis

- Preliminary question: Is the claimed invention directed to one of the four statutory patent-eligible subject matter categories: **process, machine, manufacture, or composition of matter**?
-

Mayo/Alice test

- Step 1: Does the claim recite or involve one or more **judicial exceptions**?
 - Step 2: Does the claim as a whole recite something “**significantly different**” than the judicial exception(s)?
-

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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>
-

May 4, 2016: USPTO guidance memo and examples

- USPTO Memorandum to Examiners on Formulating a Subject Matter Rejection and Evaluating Applicant's Response (May 4, 2016)
<http://www.uspto.gov/sites/default/files/documents/ieg-may-2016-memo.pdf>
 - USPTO Life Sciences Examples (May 4, 2016)
<http://www.uspto.gov/sites/default/files/documents/ieg-may-2016-ex.pdf>
-

USPTO guidance memo (May 4, 2016)

- Reaffirms Mayo/Alice test
 - Discusses Examiner rejections in the absence of “significantly more”
 - Discusses Examiner evaluation of Applicant's responses
-

USPTO guidance: Examiner rejections

- Examiner rejections in the absence of “significantly more”
 - Well-understood, routine, conventional activities or elements (note: Sequenom not discussed)
 - Generic computer components performing generic computer functions at high level of generality (contra: DDR, non-generic functions)
 - Data gathering (Mayo)
 - Technological environment or field of use (Flook)
-

USPTO guidance: Applicant responses

- Discusses how the Examiner can address Applicant’s arguments:
 - “No abstract idea” argument (step 1): cite a Supreme Court case on a related abstract idea (Funk Brothers, Benson, Flook, Mayo, Alice)
 - “Not well-known or conventional” argument: cite Alice (conventional components) or Mayo (data gathering)
 - “Generic computer specially programmed” argument: point out that “particular machine” (Bilski) requires inquiry into “significantly more” (Mayo)
 - “No pre-emption argument”: cite Ariosa v. Sequenom
-

Note on prosecution strategies (1)

- Point out the technological improvement
 - Technical problem / technical solution
 - Link the additional steps or elements to the technical improvement
 - Analogize with court decisions and USPTO examples
 - Slow down examination to wait for more analogizable decisions?
 - Cf. Rapid v. Cellzdirect (discussed below)
-

Note on prosecution strategies (2)

- Cf. EPO examination guidelines G.VII.5.4:
 - However, features which do not contribute to the technical character of the invention cannot support the presence of an inventive step...
 - Such a situation may arise, for instance, if a feature contributes only to the solution of a non-technical problem, e.g. a problem in a field excluded from patentability.
-

USPTO examples 28-33 (May 4, 2016)

- Example 28: vaccines
 - Example 29: diagnosis and treatment
 - Example 30: dietary sweeteners
 - Example 31: screening for gene alterations
-

Example 28: vaccines

- Claim 1: A vaccine comprising live attenuated pigeon flu virus
 - Claim 2: A vaccine comprising inactivated pigeon flu virus
 - Claim 3: A vaccine comprising peptide F and a pharmaceutically acceptable carrier
 - Claim 4: A vaccine comprising peptide F and a pharmaceutically acceptable carrier selected from the group consisting of a cream, emulsion, gel, liposome, nanoparticle, or ointment
-

Example 28: vaccines

- Claim 1: A vaccine comprising live attenuated pigeon flu virus - **eligible**
 - Claim 2: A vaccine comprising inactivated pigeon flu virus - **eligible**
 - Claim 3: A vaccine comprising peptide F and a pharmaceutically acceptable carrier - **ineligible**
 - Claim 4: A vaccine comprising peptide F and a pharmaceutically acceptable carrier selected from the group consisting of a cream, emulsion, gel, liposome, nanoparticle, or ointment - **eligible**
-

Example 29: diagnosis and treatment

- Claim 1: A method of detecting JUL-1 in a patient, said method comprising:
 - a. obtaining a plasma sample from a human patient; and
 - b. detecting whether JUL-1 is present in the plasma sample by contacting the plasma sample with an anti-JUL-1 antibody and detecting binding between JUL-1 and the antibody.
-

Example 29: diagnosis and treatment

- Claim 1: A method of detecting JUL-1 in a patient, said method comprising:
 - a. obtaining a plasma sample from a human patient; and
 - b. detecting whether JUL-1 is present in the plasma sample by contacting the plasma sample with an anti-JUL-1 antibody and detecting binding between JUL-1 and the antibody.

- eligible (not directed to a law of nature)
-

Example 29: diagnosis and treatment

- Claim 2: A method of detecting JUL-1 in a patient, said method comprising:
 - a. obtaining a plasma sample from a human patient; and
 - b. detecting whether JUL-1 is present in the plasma sample by contacting the plasma sample with an anti-JUL-1 antibody and detecting binding between JUL-1 and the antibody
 - c. diagnosing the patient with juitis when the presence of JUL-1 in the plasma sample is detected.
-

Example 29: diagnosis and treatment

- Claim 2: A method of detecting JUL-1 in a patient, said method comprising:
 - a. obtaining a plasma sample from a human patient; and
 - b. detecting whether JUL-1 is present in the plasma sample by contacting the plasma sample with an anti-JUL-1 antibody and detecting binding between JUL-1 and the antibody
 - c. diagnosing the patient with julitis when the presence of JUL-1 in the plasma sample is detected.
- ineligible (law of nature, not significantly more)
-

Example 29: diagnosis and treatment

- Claim 3: A method of detecting JUL-1 in a patient, said method comprising:
 - a. obtaining a plasma sample from a human patient; and
 - b. detecting whether JUL-1 is present in the plasma sample by contacting the plasma sample with a porcine anti-JUL-1 antibody and detecting binding between JUL-1 and the porcine antibody
 - c. diagnosing the patient with julitis when the presence of JUL-1 in the plasma sample is detected.
-

Example 29: diagnosis and treatment

- Claim 3: A method of detecting JUL-1 in a patient, said method comprising:
 - a. obtaining a plasma sample from a human patient; and
 - b. detecting whether JUL-1 is present in the plasma sample by contacting the plasma sample with a porcine anti-JUL-1 antibody and detecting binding between JUL-1 and the porcine antibody
 - c. diagnosing the patient with julitis when the presence of JUL-1 in the plasma sample is detected.

- eligible (antibody not routine and conventional)
-

Example 30: dietary sweeteners

- Claim 1: A dietary sweetener comprising:
texiol; and
water.
 - Claim 2: A dietary sweetener comprising:
1-5 percent texiol; and
at least 90 percent water.
 - Claim 2: A dietary sweetener comprising:
1-5 percent texiol;
at least 90 percent water; and
1-2 percent Compound N.
-

Example 30: dietary sweeteners

- Claim 1: A dietary sweetener comprising:
texiol; and
water. - **ineligible**
 - Claim 2: A dietary sweetener comprising:
1-5 percent texiol; and
at least 90 percent water. - **ineligible**
 - Claim 2: A dietary sweetener comprising:
1-5 percent texiol;
at least 90 percent water; and
1-2 percent Compound N. - **eligible**
-

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-

Rapid Litigation v. Cellzdirect (Fed. Cir. July 5, 2016): representative patent claim

- 1. A method of producing a desired preparation of multi-cryopreserved hepatocytes, said hepatocytes being capable of being frozen and thawed at least two times, and in which greater than 70% of the hepatocytes of said preparation are viable after the final thaw, said method comprising:
 - (A) subjecting **hepatocytes that have been frozen and thawed** to density gradient fractionation to separate viable hepatocytes from non-viable hepatocytes,
 - (B) **recovering** the separated viable hepatocytes, and
 - (C) **cryopreserving** the recovered viable hepatocytes...
-

Federal Circuit analysis of its case law

- Step 1 of Mayo/Alice test, directed to law of nature and patent-ineligible:
 - Detecting coding region based on relationship to non-coding region
 - Genetic Techs. v. Merial (Fed. Cir. 2016)
 - Detecting fetus's paternally inherited cffDNA in blood of pregnant woman
 - Ariosa . Sequenom (Fed. Cir. 2015)
 - Screening human germline for altered BRCA1 gene by comparing to wild-type sequence
 - In re BRCA (Fed. Cir. 2014)
-

Federal Circuit analysis of Rapid claim 1

- Law of nature is the cell's ability to survive multiple freeze-thaw cycles
- Producing a preparation of multi-cryopreserved hepatocytes is a new and useful method of preserving hepatocytes
- Claim 1 is not "directed to" the law of nature
- Even if it were, claim would provide "significantly more" (new and improved technique)

Conclusion

- Patenting products derived from nature is becoming easier (cf. USPTO examples)
- Patenting production methods based on observation of nature is also becoming easier (cf. Rapid Litigation)
- Patenting diagnostic claims remains difficult or impossible (lack of "significantly more")

Questions, comments?

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Update on Post-Grant Proceedings

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Update on Post-Grant Proceedings

- PGP reminder list, timeline and statistics
- Update for petitioners
- Update for patent owners
- Update on Post-Grant Reviews (PGR)

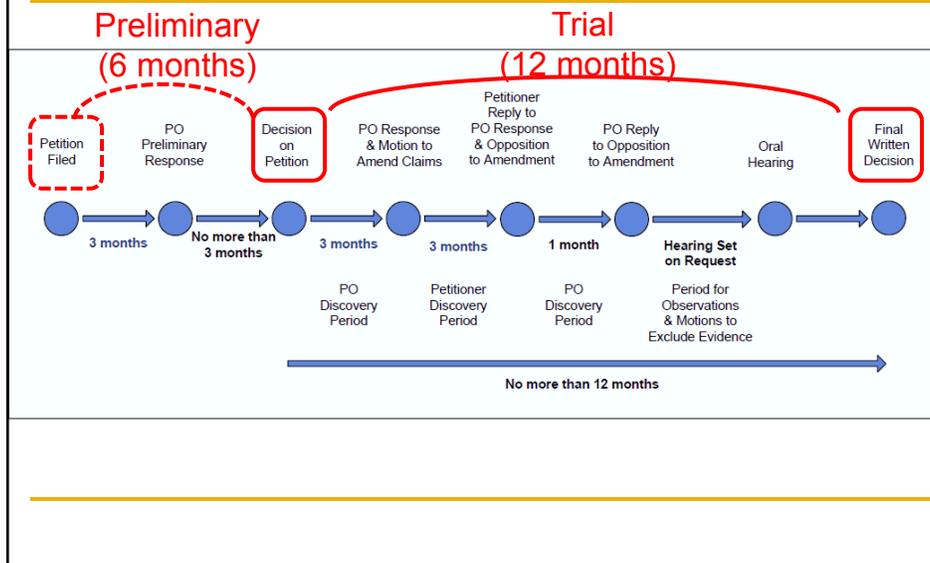
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Post-Grant Proceedings (PGP)

- Inter Partes Review (IPR)
 - All enforceable patents (pre-AIA and post-AIA)
 - Anticipation/obviousness based only on patents and publications
 - 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
 - Covered Business Method Patent Review (CBM)
 - Non-technological financial services patents
 - Anticipation, obviousness, indefiniteness, sufficiency of description, patent-eligibility
 - Derivation Proceeding (DER)
 - Interference phased out March 16, 2013
-

Timeline



PTAB use statistics (end 2015)

- About 30% of patent disputes take place at the PTAB
- About 80% of PGPs are associated with patent litigation in Federal courts
- About 10% of patent litigation in Federal courts is associated with a PGP

PTAB time statistics

- PTAB: at most 18 months per statute
 - 6 months to institution decision
 - 12 months from institution to final decision
 - District court: 40 months on average (2008-2015)
 - Eastern District Texas: 30 months
-

PTAB disposition statistics (2015)

- Disposition:
 - No institution: about 35% (since inception: 25%)
 - Settlement: about 35%
 - Adverse judgment: 5%
 - Final written decision: 25%
 - Invalidation if institution:
 - Invalidation of all claims: about 75%
 - Invalidation of about 80% of involved claims
 - District Courts invalidation: about 65%
 - Varies depending on district (about 40-80%)
-

Sources: DocketAlarm, DocketNavigator

Update on Post-Grant Proceedings

- PGP reminder list, timeline and statistics
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Update for petitioners: PGPs are different from EPO oppositions

1. No anonymity
 - Real party of interest must be indicated
2. No automatic institution
 - Patent owner's preliminary response
 - Limited review of institution decision on appeal
3. Estoppel attaches to final decision

1. Petitioner: no anonymity

- Petition must identify all real-parties-in-interest (RPI)
 - No “strawman” petition
 - RPI determination is highly fact-dependent, tied to equitable notions (estoppel, preclusion)
 - Can exert control or direction over proceeding
 - Has financial interest in controversy
 - Will be impacted by outcome
 - Other factors...
-

Note: patentee’s interest in RPI issues

- Failure to name RPI in petition can be ground for refusal to institute (but PTAB has discretion to accept correction and keep initial petition filing date)
 - Amazon v. Appistry (PTAB 2015); Elekta v. Varian (PTAB 2015)
 - Adding RPI can trigger one-year time bar
 - If added party was served with a complaint more than one year earlier
 - But: PTAB’s decision whether to institute is usually not appealable
 - Achates v. Apple (Fed. Cir. 2015); Cuozzo v. Lee (S. Ct. 2016)
-

Examples of PTAB decisions on RPI

- Not RPI: distributor who provides prior art references to petitioner
 - Spinet EU v. Straight Path (PTAB 2014)
 - RPI: provides compensation and assistance to petitioner, even without control
 - Apple v. VirnetX (PTAB 2014)
 - Not RPI: another subsidiary of the same parent company (in the absence of other factors)
 - Hugues v. CalTech (Apr. 21, 2016)
-

2. Petitioner: no automatic institution

- IPR institution standard: more likely than not that the claim is unpatentable
 - PGR institution standard: reasonable likelihood that the claim is unpatentable
 - New: patent owner's preliminary response can include testimonial evidence
 - But: for the decision whether to institute, evidence is viewed in the light most favorable to petitioner
 - PTAB rules 107-108 (amended May 2, 2016)
-

Note: limited review on appeal of institution decision

- 35 USC 315(d): institution decision is not reviewable on appeal
 - *Cuozzo Speed Tech. v. Lee* (S. Ct. 2016)
 - Not reviewable if closely tied to the application and interpretation of statutes related to the institution decision
 - Examples: institution in spite of defective petition (missing references) or unqualified petitioner (time bar, assignor not estopped)
 - *Husky v. Athena* (Fed. Cir. Sep. 23, 2016)
 - Exception: reviewable if related to the PTAB ultimate authority to invalidate a specific patent
 - Example: CBM institution for non-financial, technological claim
 - *Sightsound v. Apple* (Fed. Cir. Dec. 15, 2015)
 - Other exceptions: constitutional questions, other statutes
-

3. Petitioner: estoppel at final decision

- Any ground that the petitioner raised or reasonably could have raised
 - 35 USC 315(e)
 - Applies to art that a “reasonable searcher” would have identified
 - *IBM v. Intellectual Ventures* (PTAB Nov 6, 2015)
 - Does not apply to grounds raised, but not instituted (including “redundant”)
 - *Shaw v. Autom’d Creel* (Fed. Cir. Mar. 23, 2016)
-

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Update for patent owners: PGPs are different from EPO oppositions

4. Broad claim interpretation
 - “Broadest reasonable interpretation”
5. Limited right to amend
 - Patent owner’s burden of proof
6. Patent Owner estoppel
 - Continuing applications

4. Patent owner: broad claim interpretation in PGP

- Federal courts apply “balanced” standard of claim interpretation (Phillips v. AWH, Fed. Cir. 2005)
 - USPTO applies “broadest reasonable interpretation” standard (“BRI”)
 - BRI “consistent with” or “in light of” the specification
 - PGPs are contested proceedings, but there is a possibility of amending the patent
-

“Broadest reasonable interpretation” (BRI) applies in PGPs

- Adopted by USPTO since inception
 - PTAB rule 100(b)
 - Recently confirmed by the Supreme Court
 - Cuozzo v. Lee (S. Ct. June 20, 2016)
 - Exception: expired patents (because no opportunity to amend)
 - PTAB Rule 100(b) (amended May 2, 2016)
-

5. Patent owner: limited right to amend

- Patent owner may file one motion to amend
 - PTAB rule 121
 - Burden of proof on the patent owner:
 - Patentable distinction over the prior art of record
 - Patentable distinction of other proposed substitute claims
 - Idle Free v. Bergstrom (PTAB 2013); Nike v. Adidas (Fed. Cir. Feb 11, 2016)
-

Note: demonstrating patentable distinction over the prior art

- Prior art of record includes:
 - Any material art in the prosecution history
 - Any material art in the current proceeding (including non-instituted grounds)
 - Any material art of record in any other proceeding involving the patent
 - MasterImage v RealD (PTAB 2015)
-

Demonstrating patentability: grouping duplicative prior art or features

- Patent owner's argument may group duplicative references and address a representative reference
 - Tshinn Fu v. Tire Hanger (PTAB Apr. 22, 2016)
 - Patent owner's argument may address only the combination, not the individual added features in the proposed amendment
 - Veritas v. Veeam (Fed. Cir. Aug. 30, 2016)
-

Current question: patent owner's burden in a motion to amend

- Patent owners burden to prove patentability will be reviewed by the Federal Circuit "en banc"
 - In re Aqua Products (Fed. Cir. May 25, 2016)
vacated Aug. 12, 2016
-

6. Patent owner estoppel

- Applies to prevent a patent on any claim that is not patentably distinct from a finally refused or canceled claim
 - 37 CFR 42.73(d)(3)
 - Examples: divisional, continuation, reexamination, reissue
-

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-

Update on Post Grant Reviews (PGR)

- Within 9 months from issuance (or the end of another PGP)
 - More grounds than IPR
 - Anticipation, obviousness (not limited to printed patents and publications), lack of written description, indefiniteness
 - But limited to AIA “first-to-file” patents
 - Only 3 final decisions (Sept 30, 2016)
-

Only “first-to-file” patents subject to PGR

- The application, or a parent application, contains, or contained at any time, a claim whose earliest effective filing date is on or after March 16, 2013
 - Earliest effective filing date: first application providing written description support under 35 USC 112
 - Transition application (post-March 16, 2013 filing date but pre-March 16, 2013 priority/benefit): presumed “first-to-invent” in examination, “first-to-file” in PGP
-

No shift to “first-to-file”, no PGR

- A claim amendment shifts a transition application to “first-to-file” even if the claim is later canceled before issuance of the patent
 - Core Survival. v. S&S Precision (PTAB Feb. 19, 2016)
 - But a post-March 16, 2013 claim amendment in a pre-March 16, 2013 application is not sufficient
 - Front Row Tech. v. Advanced Media (PTAB Feb. 22, 2016)
-

Transition application scenario: shift to “first-to-file” for lack of written description

- Earliest effective filing date of a claim is the actual filing date of the application, unless there is a valid priority/benefit claim to an earlier application
 - If any claim lacks written description under 35 USC 112, priority/benefit of parent or foreign application is not valid
 - Even if the parent/foreign application is identical
 - Patentee has the burden of proof for priority/benefit
 - Entire patent shifts to AIA
 - US Endotronics, LLC. v. Gold Standard Instruments, LLC. (PTAB Jan. 29, 2016)
-

Conclusion

- PGPs are becoming mainstream
 - PGR will follow IPR trend
 - Procedure is slowly becoming more balanced (i.e., less in favor of petitioners)
-

Questions, comments?

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Oct. 2016
**Intentional Aspects in Patent Infringement:
Induced Infringement, Willful Infringement**
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Intellectual Property Law

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Intentional Aspects

- Willful infringement and enhanced damages
 - Halo v Pulse (S. Ct., June 13, 2016)
 - Induced infringement
 - Belief in invalidity
 - Commil v. Cisco (S. Ct. May 26, 2015)
 - Belief in non-infringement
 - Warsaw v. Nuvasive (Fed. Cir. June 3, 2016)
-

Willful infringement and enhanced damages: the statute

- Section 284: the court may increase damages up to three times the amount found or assessed
 - Statutory limit on an equitable doctrine
 - Punitive damages must bear a “reasonable relationship” to compensatory damages
 - TXO v. Alliance (S. Ct. 1993): 10/1 acceptable
 - BMW v. Gore (S. Ct. 1996): 500/1 not acceptable
-

Previous Federal Circuit rule (In re Seagate, Fed. Cir. 2006)

- Previous two-part test for willful infringement
 - 1) Objectively high likelihood of infringement
 - 2) Subjectively, the risk of infringement was known or so obvious that it should have been known
 - “Clear and convincing evidence” standard
 - Same standard as for proving patent invalidity (because of presumption of validity)
 - Higher than “preponderance of evidence” standard to prove infringement (usual in civil law)
-

Halo v Pulse (S. Ct., June 13, 2016)

- Enhanced damages are the Court's discretion
 - No explicit limit or condition in statute (“may”)
 - The most culpable infringers are “wanton and malicious pirates” who intentionally infringe without doubting validity or having a defense
 - Preponderance of evidence standard
 - Discretionary: reviewed on appeal for abuse of discretion
-

Note: similar case law on attorney fees

- 35 U.S.C. 284: The court in exceptional cases may award reasonable attorney fees to the prevailing party
 - Pre-2014 Fed. Cir. law: party's conduct was objectively baseless and subjective bad faith
 - Octane Fitness v. ICON Health (S. Ct. 2014)
 - “Exceptional” means “stands out from others”
 - Case-by-case exercise of discretion, considering the totality of circumstances
-

Conclusion on enhanced damages

- Supreme Court gives decision power back to District Courts
- More opportunities for awards of enhanced damages and/or attorney fees
- More focus on the subjective attitude of the infringer at the time of the infringement
- Less control on appeal by the Federal Circuit

Note on opinions of counsel in Halo

- Judge Breyer's concurrence:
- "Consulting counsel may help draw the line between infringing and noninfringing uses. But on the other side of the equation lie the costs and the consequent risk of discouraging lawful innovation. Congress has thus left it to the potential infringer to decide whether to consult counsel..."

Patent Inducement

- 35 U.S.C. 271(b): Whoever **actively induces** infringement of a patent shall be liable as an infringer
 - Conditions:
 - 1) Direct infringement by another
 - 2) Positive action by the inducer
 - 3) Intent : i) knowledge of the patent, and ii) knowledge that the acts being induced constitute infringement
 - “Preponderance of evidence” standard (infringement)
-

Intent to induce infringement: knowledge or “willful blindness”

- Global Tech. v. SEB (2011): culpability is for actual knowledge or “willful blindness”:
 - 1) Subjective belief in a high probability of infringement, and
 - 2) Deliberate actions to avoid learning that fact
-

Intent to induce: accused infringer's invalidity position does not negate intent

- Commil v. Cisco (S. Ct. May 26, 2015): belief that a patent is invalid does not negate intent to induce
 - Invalidity is a defense to infringement
 - Invalidity must be proven by clear and convincing evidence
-

Intent to induce: accused infringer's non-infringement position

- Warsaw Orthopedics v. Nuvasive (Fed. Cir. June 3, 2016)
 - Accused infringer's argument: no intent to induce infringement, because believed in narrow claim construction and no direct infringement
-

Warsaw Orthopedics v. Nuvasive: the patent claims

- Patent claims:
 - Method for detecting presence and distance of nerves during surgery by emitting detection signals of increasing strength
 - After detection, “stopping the emission of said stimulus signal”
 - Accused infringer (device manufacturer) advised doctors to practice the method
-

Accused infringer’s argument: belief in non-infringement negates intent

- Warsaw interpreted the patent claims to mean that the stopping step requires stopping **any** stimulus signal
 - Warsaw’s accused devices continue to emit new stimulus signals after a detection
 - Warsaw’s argument: no subjective knowledge that its actions resulted in infringement of the patent
-

Case history

- District Court: jury verdict of direct infringement by patients and inducement by device manufacturer
 - Federal Circuit (2015): affirmed, jury verdict supported by substantial evidence
 - Warsaw's petition for certiorari: no evaluation of Warsaw's non-infringement position
 - S. Ct. after Commil: vacated and remanded
-

Fed. Cir. on remand: unreasonable belief in non-infringement does not negate intent

- Literal language “stopping the emission of said stimulus signal” cannot mean all signals
 - Jury reasonably concluded that the accused infringer's claim interpretation was unreasonable
 - Objectively unreasonable claim construction does not avoid “willful blindness”
-

Conclusion on inducement

- Reasonable belief in non-infringement is still helpful to show absence of intent to induce
 - Non-infringement opinions can be useful to show lack of intent to induce
 - Reasonable belief in invalidity is still helpful to show that the infringement was not willful
 - Invalidity opinions can be useful to show that indirect infringement was not willful
-

Questions, comments?

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Oct. 2016

Discovery, e-Discovery: Updates and Practices

Nicolas E. Seckel

Intellectual Property Law

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Dec. 2015 Changes to Federal Rules of Civil Procedure (FRCP)

- **Scope of discovery**
 - Scope of discovery requests (proportional) (rule 26)
 - Objections in responses (specified) (rule 34)
 - Electronic evidence (sanctions) (rule 37)
 - **Pre-complaint and early stages**
 - Time periods in early stage (shortened) (rules 4, 16)
 - Pre-complaint investigation (unchanged) (rule 11)
 - Factual basis for complaint (increased) (rule 84 abrogated)
 - **Discovery at the PTAB**
 - Routine and additional discovery are strictly limited (unchanged)
-

Basics

- American judicial system is adversarial, not prosecutorial
 - Parties exchange factual evidence directly (not directed by the judge)
 - Discovery phase of litigation
 - Parties choose and present witnesses and experts, not the judge
 - Cross-examination of witnesses
 - Judge is an umpire (arbiter)
 - Reviewed on appeal for abuse of discretion
-

Scope of discovery (proportional)

- Rule 26(b): Parties may obtain discovery regarding any nonprivileged matter that is relevant to any party's claims or defense **and proportional to the needs** of the case
 - Previously: relevant information... if the discovery appears reasonably calculated to lead to the discovery of admissible evidence
 - Note: relevant information need not be admissible as evidence to be discoverable
-

Proportionality factors

- Importance of the issues at stake in the action
 - Amount in controversy
 - Parties' relative access to relevant information
 - Parties' resources
 - Importance of discovery in resolving the issues
 - Whether the burden or expense of the proposed discovery outweighs its likely benefit
-

Modes of discovery

- Interrogatories (questions)
 - Request for production (documents, things)
 - Request for admission (yes/no questions, authentications)
 - Depositions (witnesses and experts)
-

Exceptions

- Client-attorney privilege
 - Between a client and its attorney
 - Protects request for legal advice
 - If not waived
 - Attorney work product
 - Trial preparation
 - Communications with experts, draft reports
-

Objections to discovery requests (specified)

- Rule 34(b)(2)(B): an objection to a discovery request must:
 - State with specificity the grounds for objecting to the request, including the reasons
 - State whether any responsive materials are not produced on the basis of the objection
-

Discovery and Electronically Stored information (ESI)

- Difficult or impossible to preserve all ESI
 - Technical challenge to organize preservation
 - Legal department? IT department?
 - Technical challenge to define which ESI to preserve
 - metadata, backup systems, deleted data...
 - High costs of preserving all information
 - Difficulty to determine applicable rules
 - case law not consistent among circuits
-

Failure to preserve ESI (sanctions specified)

- Rule 37(e)(2): Sanctions for failure to preserve ESI must be “no greater than necessary to cure the prejudice”
 - Conditions: failure to take “reasonable steps” to preserve and prejudice to other party
 - Sanctions: adverse inference, dismissal of action, default judgment
-

Note: spoliation sanctions (unchanged)

- Rule 37(b)(2): sanctions for violation of specific court order or discovery plan
 - adverse inference, prohibition of claim or defense, stay, dismissal of action, default judgment, contempt, attorney's fees
 - Court's inherent power to sanction abuses to the judicial process
 - Sanctions: contempt (fines, prison), dismissal
 - Condition: bad faith
-

Litigation hold: document retention policy

- Reasonably calculated to preserve relevant evidence that might be useful to an adversary
 - May include suspension of "normal" document destruction policies
 - In some circuits: includes mirror-image of computer system at the time the duty to preserve started
 - In some circuits: failure to issue written litigation hold is gross negligence per se
 - Rule 26(f): parties must discuss any issues about preserving discoverable information
-

Examples of breaches

- Failure to issue or implement litigation hold
 - Failure to control search terms
 - Failure to identify or notify “key players”
 - Destruction of backup tapes, old hardware
 - if sole source of relevant information
 - Deleting emails or files
 - Using “scrubbing” software
 - Using defragmenter program
 - Instruction to third parties to destroy information
-

Time periods in early stage (shortened)

- Rule 4: 90 days for service after filing
 - Previously: 120 days
 - Rule 12: 21 days for answer/counter-claims (extendible by motion)
 - Unchanged
 - Rule 16: 90 days for scheduling order after complaint or 60 days after defendant appears
 - Previously, 120 days
-

Pre-filing investigation (unchanged)

- Rule 11: Pleadings must be submitted with certification that the facts have evidentiary support
 - Or, if specifically identified, are likely to have evidentiary support after discovery
 - Attorneys have a duty to corroborate their client's position
 - Enforced by sanctions
-

Complaint forms (abrogated)

- Rule 84 abrogated: no short complaint forms
 - Patent form 18 is eliminated
 - Well-pleaded complaint must include facts raising a “plausible” entitlement of relief
 - More than just “labels and conclusions”
 - More than just “conceivable”
 - Bell Atlantic v. Twombly (S. Ct. 2007); Ashcroft v. Iqbal (S. Ct. 2009)
-

Discovery in PTAB proceedings: strictly limited (unchanged)

- Practice follows the FRCP
 - But scope of discovery is strictly limited
 - Routine discovery
 - Additional discovery
-

PTAB: routine discovery

- Exhibits cited in a party's filing
 - But not all materials relied upon to prepare the filing
 - Information inconsistent with a party's position
 - But not the broad subject area that may lead to inconsistent information
 - Make witnesses and experts available for cross-examination
-

PTAB: additional discovery

- In an IPR: necessary in the “interest of justice”
 - 1) More than a possibility and mere allegation
 - 2) Not necessarily related to litigation positions
 - 3) Ability to generate information by other means
 - 4) Easily understandable instructions
 - 5) Not overly burdensome
 - *Garmin v Cuozzo* (PTAB 2013)
 - In a PGR: for “good cause”
 - Presumably, should be somewhat more liberal
-

Conclusion on discovery

- Discovery is very broad
 - Discovery is managed by the parties
 - Judges do not like to intervene
 - Good faith is important
 - Good organization is important
 - Choose your battles
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Questions, comments?

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This presentation is not legal advice
