



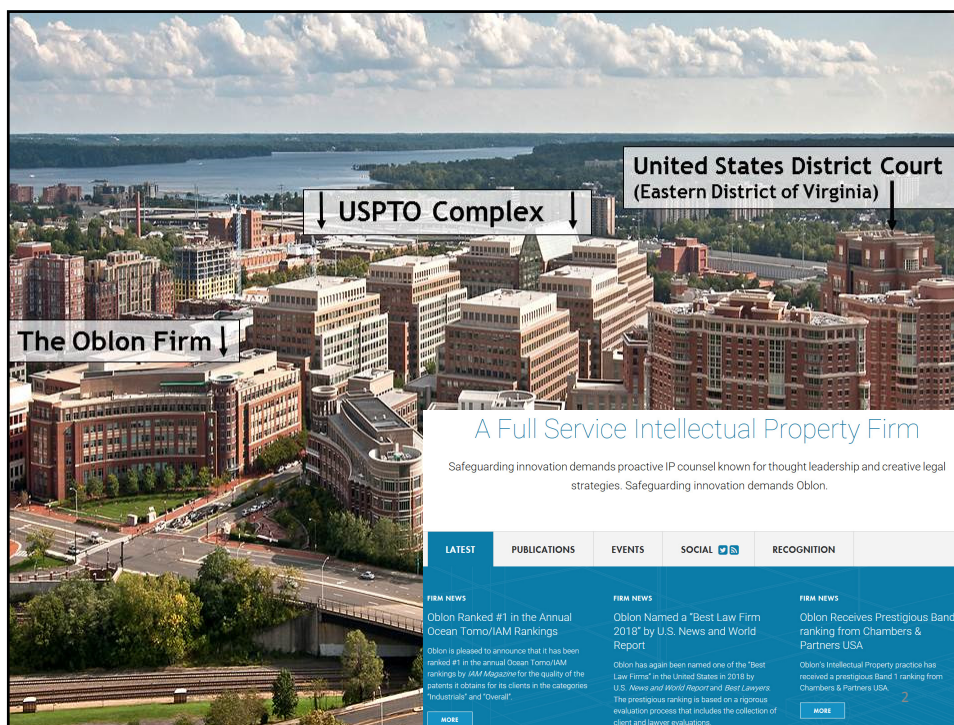
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# Trends in U.S. Patent Practice

Philippe Signore, Ph.D.  
David Longo, Ph.D.

January 2018

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**The Oblon Firm**

**USPTO Complex**

**United States District Court (Eastern District of Virginia)**

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**LATEST PUBLICATIONS EVENTS SOCIAL RECOGNITION**

**FIRM NEWS**  
Oblon Ranked #1 in the Annual Ocean Tomo/IAM Rankings  
Oblon is pleased to announce that it has been ranked #1 in the annual Ocean Tomo/IAM rankings by *IAM Magazine* for the quality of the patents it obtains for its clients in the categories "Industrials" and "Diverse".

**FIRM NEWS**  
Oblon Named a "Best Law Firm 2018" by U.S. News and World Report  
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**FIRM NEWS**  
Oblon Receives Prestigious Band 1 ranking from Chambers & Partners USA  
Oblon's Intellectual Property practice has received a prestigious Band 1 ranking from Chambers & Partners USA.

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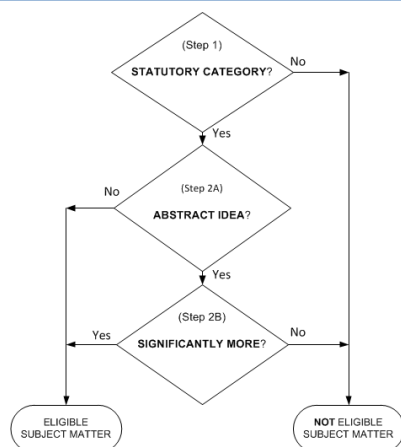
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## 35 U.S.C. § 101 (Patent-Eligible Subject Matter)

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More claims being rejected and  
invalidated

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## *Mayo/Alice* Framework

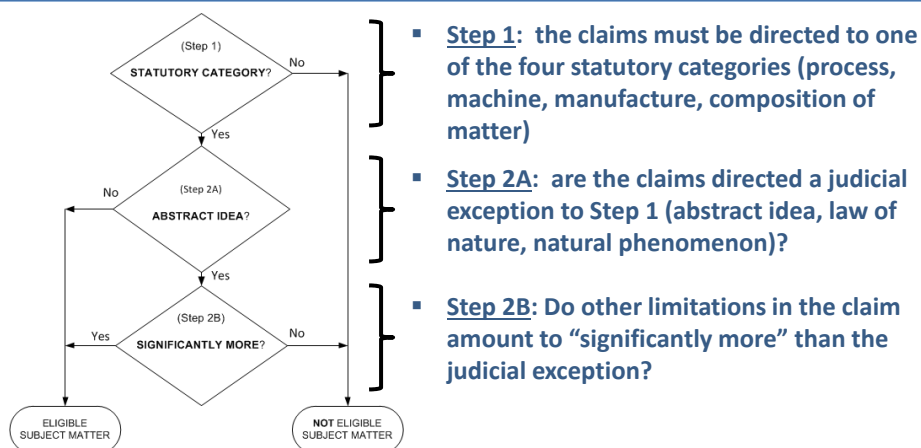


- **USPTO and courts are applying the *Mayo/Alice* framework aggressively and broadly against:**
  - e-commerce
  - **computer technology**
  - **Even traditional technologies with software control or monitoring systems!**

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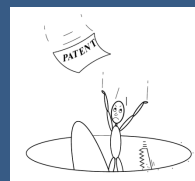
## Mayo/Alice Framework



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## The Effects of the Mayo/Alice Framework: 2014-2017



- Software system/method claims **may** be patent-eligible only if directed to specific:
  - improvements in technology
  - solutions to technical problems
- But claims must recite **how** the software improves the technology and/or solves the technical problems
  - Claims that do not go beyond collecting data, analyzing the data, and displaying the results of the analysis are generally considered invalid
  - Claims directed to software for controlling a real-world system must include an active step connecting the software to the real-world system
    - See *Diamond v. Diehr* (S.C. 1981)

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## Access Control Systems and Components Thereof, 337-TA-1016 (ITC, Nov. 21, 2017, Order) (Pender, ALJ)

15. A method for use with a movable barrier operator, comprising:

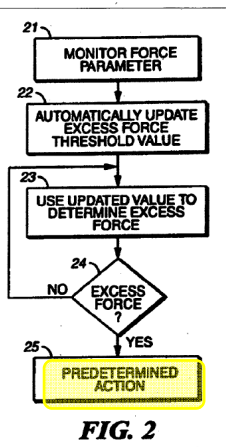
monitoring at least one parameter that corresponds to force as applied to a movable barrier to selectively cause the movable barrier to move;

automatically changing a characteristic force value in response to the monitored at least one parameter to provide an updated characteristic force value as a function of a difference between the characteristic force value and the at least one parameter;

using an updated characteristic force value to determine a corresponding excess force threshold value;

determining when force in excess of the excess force threshold value is being applied to the movable barrier;

taking a predetermined action when excess force is being applied to the movable barrier.



**FIG. 2**

(12) United States Patent  
Gregori

(16) Patent No.: US 7,339,336 B2  
(45) Date of Patent: Mar. 4, 2008

(54) MOVABLE BARRIER OPERATOR  
AUTO-FORCE SETTING METHOD AND  
APPARATUS

4,638,413 A \* 1,138\* Schaefer ..... 700/30  
4,761,064 A \* 10,197\* Scott et al.

(75) Inventor: Erik M. Gregori, Lindhurst, IL (US)  
(73) Assignee: The Chamberlain Group, Inc.,  
Elmhurst, IL (US)

(Continued)  
FOREIGN PATENT DOCUMENTS  
DE 302158 A1 \* 1,191



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## Access Control Systems and Components Thereof, 337-TA-1016 (ITC, Nov. 21, 2017, Order) (Pender, ALJ)

Claim invalid under 35 USC 101 as being too abstract

15. A method for use with a movable barrier operator, comprising:

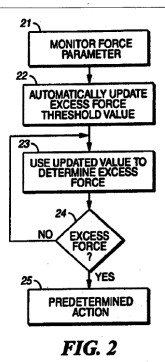
monitoring at least one parameter that corresponds to force as applied to a movable barrier to selectively cause the movable barrier to move;

automatically changing a characteristic force value in response to the monitored at least one parameter to provide an updated characteristic force value as a function of a difference between the characteristic force value and the at least one parameter;

using an updated characteristic force value to determine a corresponding excess force threshold value;

determining when force in excess of the excess force threshold value is being applied to the movable barrier;

taking a predetermined action when excess force is being applied to the movable barrier.



**FIG. 2**

(‘336 patent at claim 15.) Generally, this claim presents a method used for keeping the barrier movement operator in safe working conditions. This method arguably takes place entirely within a controller or general-purpose processor, and involves: (1) monitoring data; (2) updating a first stored data value according to a specific rule; (3) determining a second stored data value; (4) comparing data values; and (5) taking an action in response to the comparison. I need look no further than the language of this claim to determine that it is directed to a software-based routine which could take place entirely within a controller or other general-purpose processor.

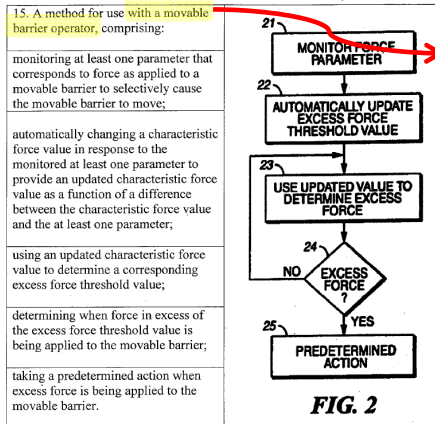
- Here, the “action” is broad enough to include software actions, not necessarily “actions performed by a real-world physical moveable barrier operator (such as opening or closing the garage door)”

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## Access Control Systems and Components Thereof, 337-TA-1016 (ITC, Nov. 21, 2017, Order) (Pender, ALJ)

Claim invalid under 35 USC 101 as being too abstract



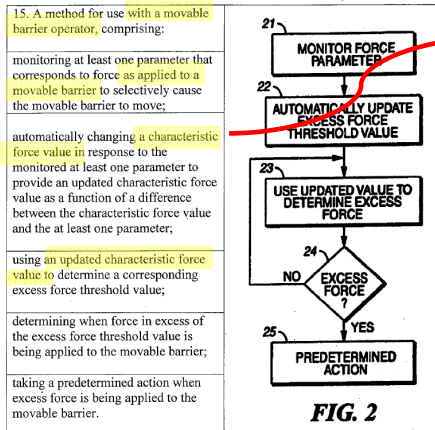
- But the claim “has no such tangible elements save for ‘movable barrier,’ but even then none of the claimed steps involve that barrier or act upon it; the ‘movable barrier’ that is not actually part of the method.”
- Tangible structure (“movable barrier”) “is recited in the preamble and the remaining limitations are centered around gathering information and manipulating it.”

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## Access Control Systems and Components Thereof, 337-TA-1016 (ITC, Nov. 21, 2017, Order) (Pender, ALJ)

Claim invalid under 35 USC 101 as being too abstract



- The “movable barrier” is “not actually part of the claimed methods. Rather, [it is] recited to explain the identity of data values like ‘characteristic force value’”
- “In other words, the claimed method is still completely contained within the controller or other general purpose computer. The claims in *Diehr*, on the other hand, go outside that controller or processor (involving a “mold,” “press,” “article”).”

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# Claim Interpretation

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## It depends on the context

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### Claim Interpretation at the USPTO Broadest Reasonable Interpretation (BRI)

- USPTO to US Examiners:

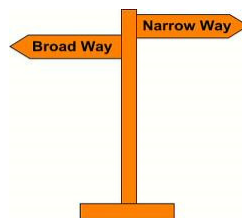
“Claims **must** be given their **broadest reasonable** interpretation in light of the specification” as understood by one of ordinary skill in the art

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## Claim Interpretation at the USPTO Broadest Reasonable Interpretation (BRI)

- In the absence of definition in the specification, US examiners tend to interpret claims **very broadly**
  - often the broadest **possible** interpretation
  - often broader than the meaning intended by the claim drafter



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## BRI Example: *Hill-Rom v. Matal* (CAFC, Dec. 2017) – (*Inter partes* reexamination)

- Claims directed to a hospital bed with adjustable foot length including a “control system that **periodically** verifies the functionality of each module”
- Patentee: verifications must be performed at “regular” intervals such that the same amount of time elapses between successive verifications
- USPTO and CAFC: “periodically” under BRI does not require “regular” intervals between verifications, but only that they happen at “specified” time intervals

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## BRI Example: *Hill-Rom v. Matal* (CAFC, Dec. 2017) – (*Inter partes* reexamination)

- CAFC: however, said that “periodically” excludes “*random*” verification
  - Specification described that verification was only made at “specified times” using “a timer”
  - During prosecution, the claimed bed was distinguished over the prior art that described “ad hoc or intermittent” verifications

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## Practical Recommendations regarding claim interpretation

- **Define and/or explain terms of art in the specification:**
  - Do not assume the U.S. examiner will give the specific interpretation that you are familiar with
    - *e.g.*, “periodically” means at regular intervals
- **Diversify claim language:**
  - “a control system that repeatedly verifies the functionality of each module”
  - “wherein the control system verifies at regular intervals”
  - “wherein the control system verifies at specified times”
  - “wherein the control system verifies based on signals received from the modules”
  - “based on time schedule,” etc.



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## Functional Claim Language

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when the “Broadest Reasonable Interpretation” can be very narrow

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## Means-Plus-Function (MPF) Limitations 35 USC 112(f):

- 35 USC **112(f)**: MPF limitations are limited to the structures, corresponding to the claimed function, disclosed in the specification and their equivalents
- Two **potential** problems highlighted by various court decisions in the past years:
  - **Narrow scope** – if specification discloses **only few** examples of specific structures
  - Claim **invalid** as being indefinite if **no** structure is disclosed (35 USC 112(b))

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## What is a Means-Plus-Function (MPF) Limitation?

- General rule: the **presence** of the word “means” creates a presumption that the limitation is a MPF and that **112(f) applies**
  - **Means for recording images ...**
    - **Narrow interpretation:** might be limited to the specific camera disclosed in the specification
    - Same narrow interpretation for “unit”, “module”, “device” and other generic nouns instead of “means”

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## What is a Means-Plus-Function (MPF) Limitation?

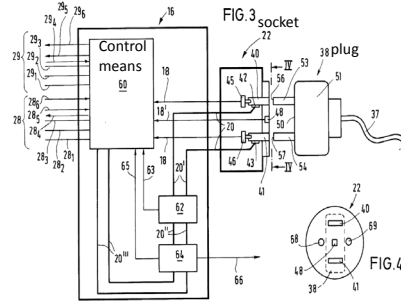
- General rule: the **absence** of “means” creates a presumption that the limitation is **NOT** a MPF and that **112(f) does NOT apply**
  - A **camera** configured to record images ...
    - **Broad interpretation,** not limited to the specific camera disclosed in the specification

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## Lufthansa Technik v. Astronics (CAFC, Oct. 2017)

1. A voltage apparatus for an electric device comprising a socket, the apparatus comprising means for supplying voltage to the socket, the socket including plug detector means for detecting the presence of a plug inserted in the socket, said means for supplying voltage being constructed for applying the voltage to the socket when the plug detector means indicates the presence of contact pins of the plug in the socket, **and control means for rendering the means for supplying voltage operative to supply the voltage to the socket only if** the time between the detection of a first contact pin and the subsequent detection of a second contact pin of the plug does not exceed a predetermined maximum time value.

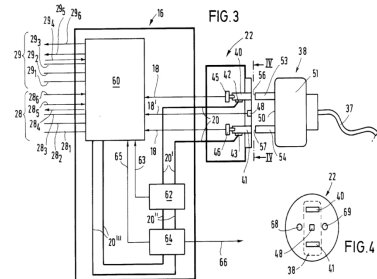


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## Lufthansa Technik v. Astronics (CAFC, Oct. 2017)

- CAFC: claims invalid as being indefinite
- CAFC: "... the '016 patent provides a **black-box** 'control and supervision unit 60,' [but] .... the patent does not identify "a **specific, well-known component to perform** the claimed [control] function. Instead, the 'control means' refers to a nebulous set of logic functions within a **black box**... The specification provides no more structure than the term 'control means' itself."
- CAFC: "reciting a generic term for an electronic component is insufficient if an ordinary artisan would not associate the claimed component with a specific, well-known structure."



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## Practical recommendations regarding functional limitations

- Describe specific structures corresponding to the claimed function
  - Preferably several different examples
    - Broad structure (computer programmed, or circuit configured, to perform the claimed function)
    - Narrow structure (a specific algorithm and/or electrical component to perform the claimed function)
  - Avoid relying merely on a “black box” description

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Obviousness

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It's flexible

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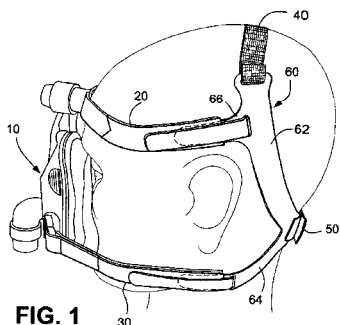
## Obviousness : a flexible approach

- In *KSR v. Teleflex (2007)*, the Supreme Court adopted a flexible approach to obviousness determination
  - “**Common sense**” can be taken into account
  - Person of ordinary skill in the art has some **creativity**
  - “Obvious to try” can be considered
  - Unexpected results are heavily favored
  - USPTO/Court still must articulate a “**reason**” for one of ordinary skill in the art to modify the prior art
    - **But a motivation to combine references can come from any field, based on solving any problem**

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## *Fisher & Paykel v. Resmed* (PTAB, May 2017)



- The Resmed patent is directed to “a headgear system for holding a respiratory mask in a position on a face of a patient **to enhance a mask seal with the patient's face**”

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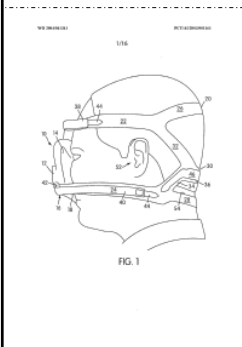
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## Fisher & Paykel v. Resmed (PTAB, May 2017)

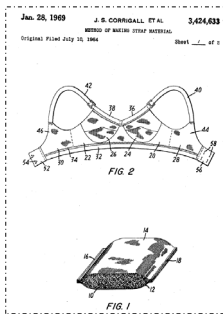
Amarasinghe

+

Corrigall



+



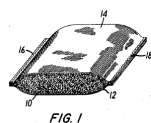
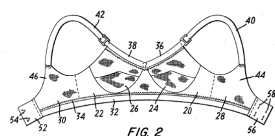
- PTAB instituted IPR against patentee Resmed's claims based on a combination of two prior art references:
  - Amarasinghe + Corrigall
- Amarasinghe is directed to a headgear for holding a respiratory mask on the face of a patient
- Corrigall is directed to foam-fabric straps for a more comfortable garment
- Patentee argued Corrigall was non-analogous art

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## Fisher & Paykel v. Resmed (PTAB, May 2017)

Jan. 28, 1969 J. S. CORRIGALL ET AL. 3,424,633  
METHOD OF MAKING STRAP MATERIAL  
Original Filed July 10, 1964 Sheet 1 of 2



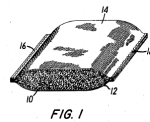
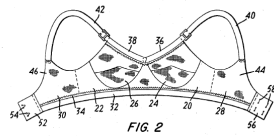
- PTAB agrees with patentee that Corrigall (strap mat'l for apparel) is not from the same field of endeavor as the Resmed patent (headgear for holding a mask in position on a patient's face)

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## Fisher & Paykel v. Resmed (PTAB, May 2017)

Jan. 28, 1969 J. S. CORRIGALL, ET AL. 3,424,633  
METHOD OF MAKING STRAP MATERIAL  
Original Filed July 10, 1964 Sheet 1 of 2



- But PTAB agrees with petitioner that Corrigall patent is analogous because it is “reasonably pertinent ... to the problem of making comfortable straps,” which was one of the discrete problems addressed by the inventors of the Resmed patent (i.e., having a strap that is comfortable and does not mark the user’s face)

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## Least-persuasive arguments in support of non-obviousness

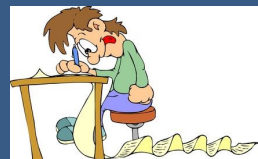
- The prior art is non-analogous because it is from a different field
- The prior art is too old
- The prior art references do not address the problem solved by the invention
- The prior art references do not disclose the improvements or features disclosed in the specification (unclaimed)
- The problem solved by the invention was not known (not effective if the prior art provides a motivation to combine to solve another problem)



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## Most-persuasive arguments in support of non-obviousness



- **Combination of prior art references lacks one claimed limitation**
- **Combination would render prior art unworkable for its intended purpose**
- **Combination is more complex, less effective, and/or detrimental, etc.**
- **The prior art teaches away from the claimed combination**
  - **But this is limited to situations where the prior art “criticizes, discredits, or otherwise discourages” the claimed invention**
  - **Not enough for the prior art to have a preference for an alternative**
- **Claimed invention provides unexpected results**
  - **Better if unexpected results are supported by the specification and/or declaration**

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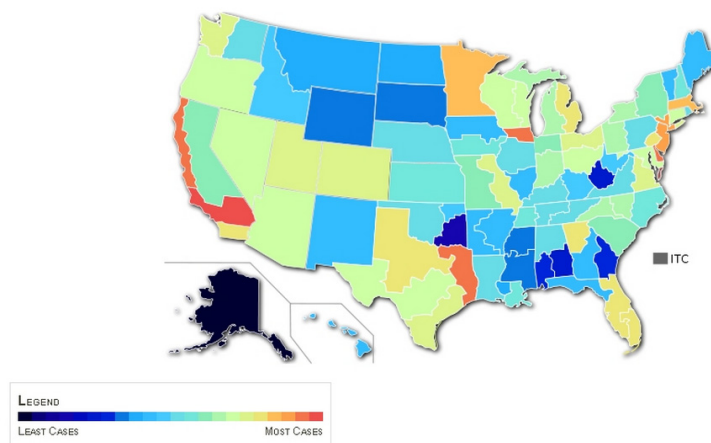
## Venue in Litigation - Out of Texas, and in to ...

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## Patent Venue: where can patent owner file a lawsuit for patent infringement?

*TC Heartland v. Kraft Foods, S.C. May 2017*



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## Patent Venue: where can patent owner file a lawsuit for patent infringement?

*TC Heartland v. Kraft Foods, S.C. May 2017*

### ▪ Background – two venue statutes

- (1) ***Patent-Specific Venue Statute: 28 USC 1400(b)***. Patent infringement action may be brought where (1) defendant **resides** or (2) defendant committed **acts of infringement and** has a **regular and established place of business**.

- *Fourco Glass (S.C. 1957)*. A US corporation “resides” under 1400(b) only in its State of incorporation.

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## Patent Venue: where can patent owner file a lawsuit for patent infringement?

*TC Heartland v. Kraft Foods*, S.C. May 2017

### ▪ Background – two venue statutes

– (2) **General Venue Statute: 28 USC 1391(c)** (2011): **“except as otherwise provided by law”** corporations are **“deemed to reside”** **anywhere they are subject to court’s personal jurisdiction**

- For 30 years, the Federal Circuit ignored *Fourco Glass* and allowed patent cases in districts where the defendant was subject to personal jurisdiction, even if it was not incorporated in that district and had no regular place of business in that district
- This opened the door for the Eastern District of Texas to become the most active patent litigation district in the U.S.

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## Patent Venue: where can patent owner file a lawsuit for patent infringement?

*TC Heartland v. Kraft Foods*, S.C. May 2017

- **Holding:** For **domestic corporations**, “reside” in 1400(b) refers only to the state of incorporation (*Fourco Glass* decision)
  - not where domestic corporation is subject to personal jurisdiction
- **No position taken on foreign corporations**
  - Current precedent is *Brunette v. Kockum* (S.C. 1972), holding that foreign corporations can be sued in any judicial district

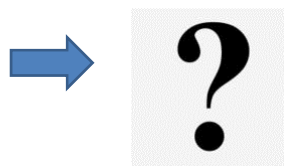
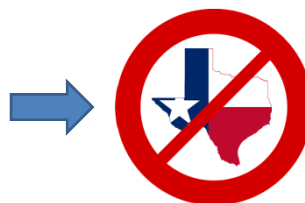
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## Patent Venue: consequences

*TC Heartland v. Kraft Foods, S.C. May 2017*

- **Consequences:** In future, many U.S. companies (including U.S. subsidiaries of foreign companies) cannot be sued in E.D. Texas if they are not incorporated and do not have a regular and established place of business in Texas
- Foreign corporations can still be sued in any district (including Texas)
  - This rule might be challenged in the near future



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## Patent Venue: consequences

*TC Heartland v. Kraft Foods, S.C. May 2017*

- Delaware “borrowing” four judges from Pennsylvania.
- More cases being filed in CA, VA, Del., IL, NY, etc.
- Existing cases may stay in TX.

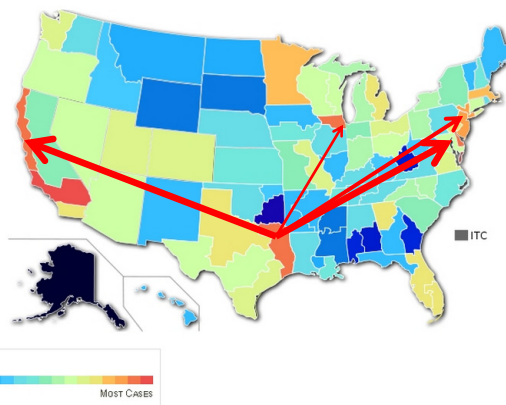


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## *“Regular and Established Place of Business” – Post-TC Heartland*

### *A developing case law*

#### ***In re Cray (CAFC, Sept. 21, 2017)***

- Court held that venue statute requires
  - **Physical place** within the district
    - Virtual presence and electronic communications not enough
  - **Regular and established place**
    - Sporadic or transient presence not enough
  - **Business place of the defendant**
    - Employees' personal residence not enough
    - The presence and residence of employees conducting business in Texas not enough



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## *“Regular and Established Place of Business” – Post-TC Heartland*

### *A developing case law*

#### **A few factual examples: sufficient for proper venue?**

- Corporate parent in district (ED Tex.)? **No**
- CEO home in jurisdiction (CA)? **No**
- One retail store in district (Apple, DE)? **Yes**
- Marketing online through Amazon (VA)? **No**
- Sales representative attending a trade show (NV)? **No**
- Computer servers in district (VA)? **No**
- Amazon fulfillment center in district (Cal)? **No**
- Subsidiaries in district (DE)? **Maybe**

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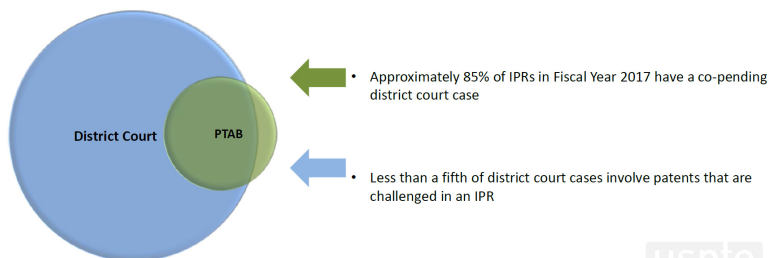
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# *Inter Partes* Reviews – It's harder for petitioners

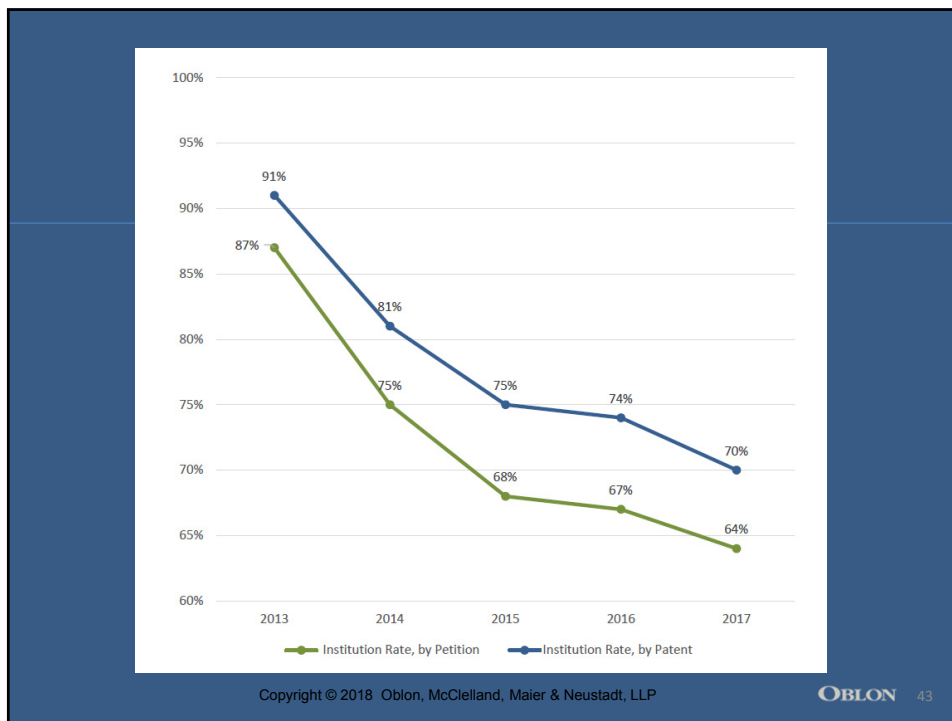
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## Recent Statistic



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## IPRs are more difficult to get instituted

- Many factors
  - Patentees can submit expert declarations in preliminary response since May 2016
  - Patentees are more selective with which patents to assert in litigation (Alice, IPRs, etc)
  - Fewer really bad patents left
- Biggest factor (in our opinion): PTAB is becoming stricter with motivation to combine references to show obviousness of challenged claims
  - Petition must clearly show why a person of ordinary skill in the art “**would**” (not just “could”) combine the references

## Patentees may have more flexibility in amending their claims during an IPR

- *Aqua Products v. Matal* (CAFC, Oct. 2017):  
The patent owner does not bear the burden of proof on the patentability of its proposed amended claims
- Exact impact of this ruling still developing
  - PTAB announced no change in procedures

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## Will the U.S. Supreme Court find IPRs unconstitutional? (*Oil States Energy Services v. Green's Energy* – Oral arguments held Nov. 27, 2017)

- Oil States argued that IPRs are not constitutional because they are essentially a litigation involving **private** rights (patents), which should be reserved for “Article III” courts, not an Article I administrative agency (separation of powers)
- Supreme Court will probably uphold the constitutionality of IPRs
  - Several justices seem to consider IPRs as a mere “error correction” mechanism
    - Similar to *ex parte* or *inter partes* reexaminations
  - Several justices seem to see appellate review as providing sufficient judicial review

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## Patent Exhaustion

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## It's a small world

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## Patent Exhaustion

*Impression Prods. v. Lexmark, S.C. May 2017*

### ▪ Background

- Lexmark (patent owner) sold patented ink cartridges in U.S. and abroad:
  - 1) full price without restriction, and
  - 2) 20% discount with restriction (return empty cartridges).
- Impression Products (accused infringer) acquired empty cartridges previously sold by Lexmark (full price & discounted, US & abroad), refilled, and resold the full cartridges in the US.



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# Patent Exhaustion

*Impression Prods. v. Lexmark, S.C. May 2017*

- Did the sales by Lexmark (patent owner) exhaust its patent rights over the cartridges?
  - If patent rights **exhausted**, then Impression Products is **free to resale** the cartridges in the US
  - Did the **post-sale restrictions** prevent exhaustion?
    - Previous cases held that only unrestricted sales exhausted patent rights
  - Did the **foreign** sales exhaust the US patent rights?
    - Previous cases held that foreign sales did NOT exhaust US patent rights

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# Patent Exhaustion

*Impression Prods. v. Lexmark, S.C. May 2017*

- **Holding: Exhaustion on all sales**

“a patentee’s **decision to sell a product exhausts all of its patent rights** in that item, regardless of any restrictions the patentee purports to impose **or the location of the sale**”

**Patent rights exhausted = no infringement**
- **Comments**
  - **International patent exhaustion** is now the rule for US patents
    - Should result in less geographic price discrimination
  - Patent owner may still be able to recover from **breach of contract** for failure to comply with post-sale restrictions

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## License limitations on sales

*Impression Prods. v. Lexmark, S.C. May 2017*

- **Exhaustion applies to sales by licensee**
  - a licensee's **authorized** sale is treated, for purposes of patent exhaustion, as if the patentee made the sale itself
  - Patent owner may draft license agreements more carefully such that *exhaustion* may not apply to sales that are **unauthorized** by the license
- **Example of unauthorized sale**
  - The license agreement defined sales exceeding the scope of the license
    - *Infringing products sold by licensee to X are “unlicensed products”*
  - District court found that **un**authorized sales by licensee to X do **not** exhaust patent rights against patent owner
  - *Chrimar Sys. v. Alcatel-Lucent Enter. USA Inc. (Aug. 3, 2017)*

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## More emphasis on claims directed to replacement parts

*Impression Prods. v. Lexmark, S.C. May 2017*

- **Scenario**
  - Patentee (with only claims directed to system) sells system in Asia and/or Europe
  - Patentee's customer imports system to US
  - Third party sells replacement parts for the systems in US
- **Prior to *Impression Products***
  - No exhaustion of US patent because sales by patentee where outside US
  - User of system in the US was direct infringer
  - Third party could be indirect infringer (contributory and/or inducement)
- **Post *Impression Products***
  - Exhaustion of US patent even for systems sold outside US
  - User of system in the US cannot be direct infringer
    - Use includes “permissible repair” with replacement parts
  - Third party cannot be indirect infringer (requires a direct infringer)
  - **But, if patent includes claims directed to the replacement part (not to the system), then third party is direct infringer of these claims for selling patented parts in the US**

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## Willful Infringement and opinions of counsel

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## The earlier, the better

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## Willful Infringement and opinions of counsel

- **Reminder:** In June 2016, the Supreme Court *Halo v. Pulse* decision **lowered the standard** for willful infringement and enhanced damages
  - **Objective** high likelihood of infringement **no longer** required to show willfulness
    - Reasonable litigation defense not enough to avoid enhanced damages
  - Focus on infringer’s state of mind **at the time of infringement**
  - **Enhanced damages** available under 35 USC 284 for “egregious” conduct, “characteristic of a pirate”



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## Consequences of *Halo Elec. v. Pulse Elec.*

- **Patentee can more easily obtain enhanced damages:**
  - lowered standard of proof from “clear and convincing” to “preponderance” of the evidence
  - District court judges have greater discretion
- **Obtaining a written opinion of counsel early (before or at start of infringing activity) has become an important factor considered by courts**



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## Post-*Halo* decisions on willful Infringement and opinions of counsel

- **Oral opinion early, written opinion late:**
  - Infringer claimed to have obtained an oral opinion when launching product (but no evidence of such an oral opinion)
  - Infringer obtained **written** opinion **after** lawsuit started: **too late**
  - “the Court in *Halo* has eliminated the ability of an accused infringer to posit reasonable invalidity defenses which were not relied upon **at the time the accused products were introduced into the market**”
  - Damages = \$3M; enhanced x 3 = total \$9M (+ atty fees)
  - *Omega Patents, LLC v. CalAmp Corp.*, (Apr. 5, 2017, M.D. Fla.).

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## Post-*Halo* decisions on willful Infringement and opinions of counsel

- **No opinion of counsel:**
  - “There is also no evidence that Medtronic formed a good-faith belief that the patents were invalid prior to trial. There is no opinion of counsel letter—which is surprising, given the size and scope of Medtronic’s intellectual property portfolio.”
  - “As *Halo* made clear, culpability is **judged at the time of the infringing conduct**, which began prior to this lawsuit.”
  - Damages increased by 20%
  - *Barry v. Medtronic, Inc.* (Apr. 20, 2017, E.D. Tex.)

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## The Limited Scope of the Attorney-Client Privilege



- Non-infringement and invalidity opinions of counsel are initially protected from discovery during litigation by the attorney-client privilege
- If prepared by an attorney-at-law (not a patent agent)
- See *In Re Queen’s University at Kingston* (Fed Cir. March 2016)
  - “communications with a **patent agent** who is offering an **opinion on the validity of another party’s patent** in contemplation of litigation or for the sale or purchase of a patent, **or on infringement** are **not privileged**”

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## The Fragile Nature of the Attorney-Client Privilege



- Any privilege is waived as soon as the communication loses its confidential nature, for example by
  - sharing with third parties
    - Except if a “community of interest” privilege is established by a joint defense agreement
  - When client relies on advice of counsel during litigation
    - Then entire chain of communication relating to the opinion must be produced to the other side

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## Recommendations re the Attorney-Client Privilege



- Assume communications will not remain privileged
- communicate orally whenever possible
  - Even with your US attorneys
- If communicating in writing
  - Be positive when possible
  - Be factual and avoid making admissions
    - “We infringe”
    - “This patent is a problem”

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# Laches Defense No More - You can take your time...

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## Laches Defense

- Laches: equitable defense available under common law when plaintiff **unreasonably delays** filing a lawsuit
- If laches applies = no past damages



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## Laches Defense in Patent Cases

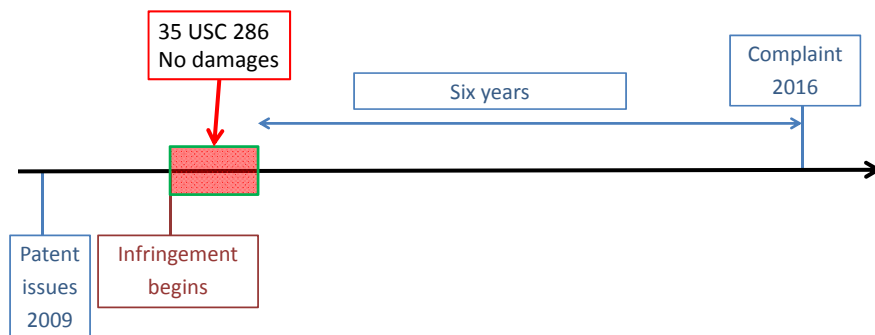
- 35 U.S.C. 286 Time limitation on damages.
- “no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action”



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## 35 U.S.C. 286



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## Laches Defense in Patent Cases

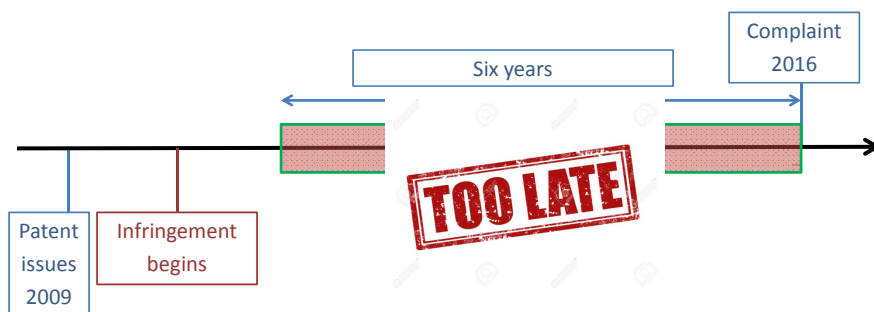
- **Prior to 2017**, interpreting 35 U.S.C. 286, the Court of Appeals for the Federal Circuit (CAFC) held that **6 years or more of infringement** could be considered to be an **unreasonable delay** for patent cases
  - See *Aukerman* (Fed. Cir. 1992, en banc)
  - Laches could apply to such situations

**TOO LATE**

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## Laches Defense in Patent Cases Pre-2017



**If laches defense applies = = \$0 Past Damages**

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## SCA Hygiene Products A v. First Quality Baby Products (March 21, 2017)

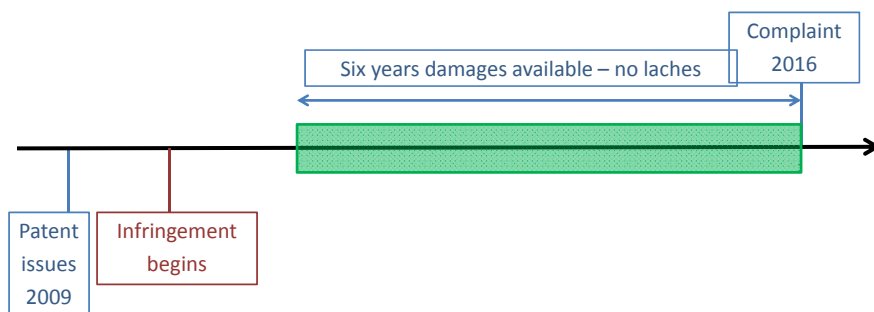
- Interpreting 35 U.S.C. 286, the Supreme Court held that laches defense cannot be invoked to bar recovery of damages incurred within 6 years of the filing of the complaint
- But, delay in filing lawsuit may be a factor considered for equitable relief (injunctions)
  - See *Spitz Tech v. Nobel Biocare* (CACD, Sept, 2017)



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## Laches Defense no longer available in Patent Cases Supreme Court March 2017

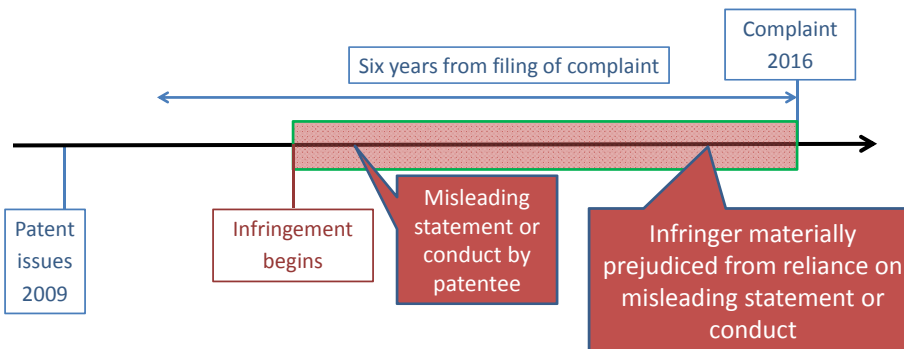


Assumes no other defense available, such as for example equitable estoppel (patentee misleads infringer to infringe during the 6-year period)

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## Equitable Estoppel Defense Still Available in Patent Cases



**If Equitable Estoppel applies = Lawsuit dismissed**

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## Patent Marking - Protecting Patent Value

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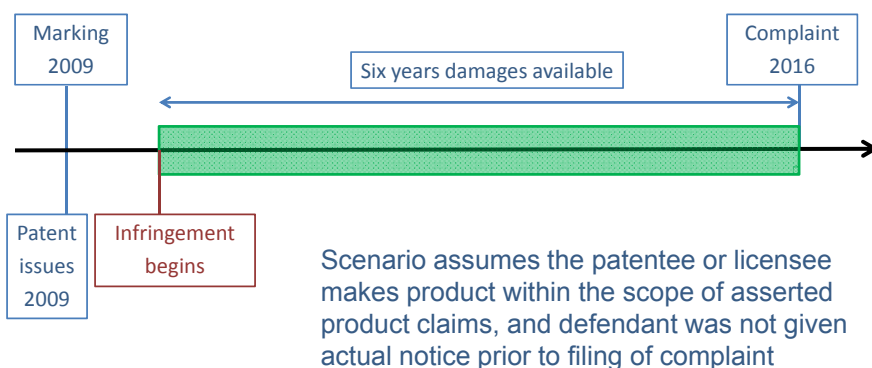
## Marking – 35 U.S.C. § 287

- (a) **Patentees, and persons making, offering for sale, or selling within the United States any patented article for or under them...** may give notice to the public that the same is patented, either by fixing thereon the word “patent” or the abbreviation “pat.,” together with the number of the patent, or by fixing thereon the word “patent” or the abbreviation “pat.” together with an address of a posting on the Internet ... **In the event of failure so to mark, no damages shall be recovered** by the patentee in any action for infringement, except on proof that the **infringer was notified** of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice.

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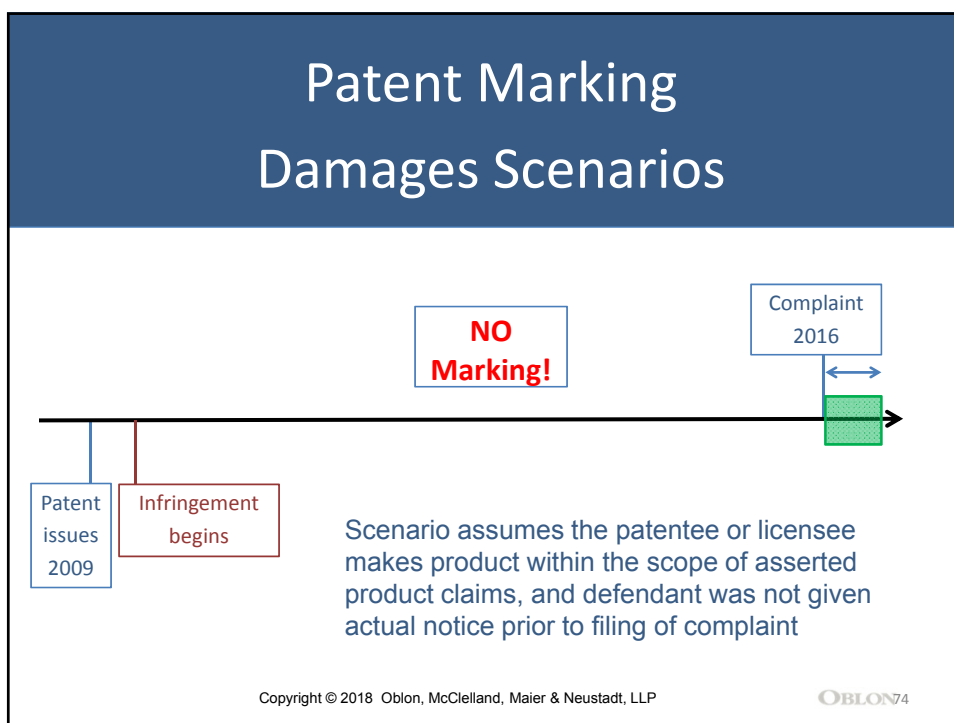
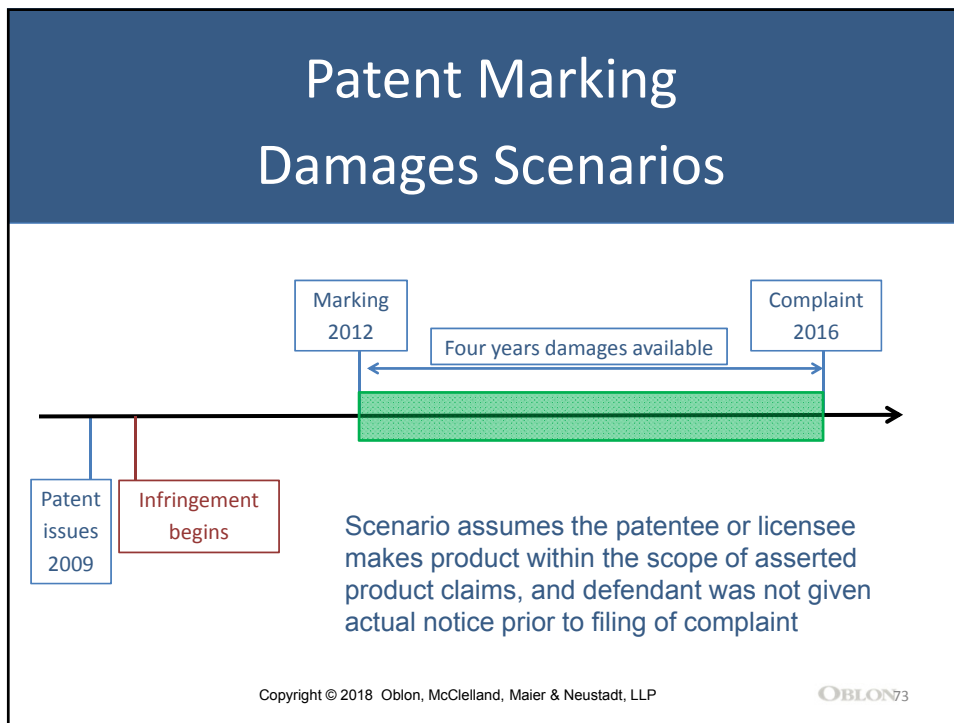
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## Patent Marking Damages Scenarios



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## Conventional Marking

- 35 U.S.C. § 287(a): ... by **fixing** the word “patent” or the abbreviation “pat.”, together with the number of the patent
- Product example:



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## Virtual Marking The new trend



Not all emergency call centers are capable of receiving 9-1-1 location information and your handset cannot be located location when calling 9-1-1.

Rated for hearing aids: M4 / T4

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htc PRODUCTS SHOP VIVE SUPPORT **Fall Savings**

## VIRTUAL PATENT MARKING

This page is intended to serve as notice under 35 U.S.C. § 287(a).

- All of HTC's products capable of LTE functionality are protected by at least the following patents in the U.S. and elsewhere:  
 U.S. Patent Numbers: 7,535,822; 7,672,219; 7,983,141; 7,912,138; 7,548,508; 7,995,454; 8,351,321; 7,881,181; 8,174,956; 8,547,824; 7,957,265; 7,881,180; 8,199,632; 7,535,822; 7,672,219; 7,983,141; 8,433,317; 8,396,037; 8,305,901; 8,509,795; 8,279,817; 8,289,926; 8,615,230; 8,743,896; 8,855,633; 8,270,372; 8,693,437; RE43,293; 8,731,511; 8,989,105; 8,515,393; 9,042,836; 8,594,657; 8,837,426; 8,244,205; 8,798,093; 8,964,699; 8,805,318; 9,094,910; 8,570,928; 8,953,998; 8,515,475; 9,220,029; 9,307,382; 9,306,760; 9,191,982; 9,215,580; 9,344,924; 9,313,039; 8,422,387; 9,496,972 and 9,553,733.  
 The following is a non-exhaustive listing of HTC's products capable of LTE functionality:  
 Windows Phone 8X by HTC, HTC Titan II, HTC ThunderBolt, HTC Vivid, HTC Rezound, HTC One® X, HTC One® X+, Droid Incredible 4G LTE by HTC, HTC One® SV, HTC 8XT, HTC EVO 4G LTE, Droid DNA by HTC, HTC One® (M7), HTC One® Mini, HTC One® Max, HTC One® (M8), HTC One® (M8) For Windows, HTC One® (E8), HTC One® remix, HTC One® M9, HTC One® (Harman Kardón® edition), HTC One® A9, HTC Desire®, HTC Desire® 510, HTC Desire® 512, HTC Desire® 520, HTC Desire® 526, HTC Desire® 610, HTC Desire® 612, HTC Desire 626, HTC Desire 816, HTC Desire EYE, and Google Nexus 9.  
 "LTE functionality" means at least some aspect of an LTE standard. These statements are not an admission that any particular product practices any particular aspect of an LTE standard.
- All of HTC's products capable of AMR, AMR-WB, AMR-WB+, EVRC-B, EVRC-WB, or G729.1 are protected by at least the following patents in the U.S. and elsewhere.  
 U.S. Patent Numbers: 6,188,981; 6,842,733; 6,850,884; 6,980,948; 6,173,257; 6,556,966; 6,714,907; 6,636,829; and 7,146,309.  
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## Patent marking and licenses



- The patent marking statute (35 USC 287) applies to licensees
  - “Patentees, and persons making, offering for sale, or selling within the United States any patented article for or under them”
  - In order to protect patent value (pre-notice damages), patentees must exercise reasonable efforts to ensure that licensees are complying with the marking statute

## *Rembrandt Wireless v. Samsung* (Fed. Cir. 2017)

- Rembrandt bought the patent from small home entertainment company
- Rembrandt **licensed** patent to Zhone Tech
- Rembrandt asserted Samsung products that use enhanced Bluetooth function infringed the patent
- Texas jury awarded Rembrandt \$15.7M in damages
- Court of Appeals remanded, **reversing damages** award because Zhone Tech **did not mark**
- See also *Artic Cat Inc., vs. Bombardier Rec. Prod. Inc.* (BRP) (Fed. Cir. Dec. 2017)

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## Trends in U.S. Patent Practice

Philippe Signore, Ph.D.  
David Longo, Ph.D.

January 2018

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