



OCPLA Newsletter

Volume 16, Issue 1

February 2010

Happy New Year!

Welcome to a new year with OCPLA! We look forward to seeing all of our current members, as well as new members, at our events this year.

Thank you also to everyone who attended our Holiday Party. It was a great time! ❖

Time to Renew Membership

New Online Application System

Please remember to renew your membership online for 2010 at www.ocpla.org. Don't forget to encourage your colleagues who are not already members to join.

Also, to improve the membership application process, OCPLA has implemented a new website system for accepting membership applications, as well as event registrations.

We hope to see all of you again, as well as some new members, in 2010. ❖

February 18, 2010 Luncheon

Our February luncheon will feature: Significant Patent Decisions of 2009, presented by Andrew D. Mickelsen, McDermott Will & Emery and Christopher D. Bright, McDermott Will & Emery

The luncheon will be held at the Sports Club/LA Orange County from 12:00-1:30 PM. We look forward to seeing you there!

Registration and payment for OCPLA luncheons must be made online at www.ocpla.org. Payment must be made at the time of registration using a credit card. ❖

OCPLA Board Meetings

Members who wish to present items for the Board's consideration should contact our president, Marlene Klein, at Marlene.Klein@cda.canon.com to have their items placed on the agenda, and to verify the time and location of the meeting. ❖

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Want to Become More Involved With OCPLA?

If you would like to become more involved with OCPLA, for example, do a presentation, submit an article, provide feedback or ask a question, please send an e-mail to OCPLA_Board@ocpla.org. ❖

Internet Sightings

By Jim Hawes

This column highlights some of the more notable recent internet notices, newsletters and blogs dealing with IP prosecution issues. The full IS column, with compilations of some of the sources such as Hal Wegner's newsletter, is now up and available at www.internetsightings.com. Or you can subscribe to this column at internetsightings.blogspot.com.

Hal Wegner's newsletter – a lot of great stuff – Contact: hwegner@foley.com

- Hal's top ten list of cases on appeal, and his longer postings, are now available at GrayonClaims.com/hal. Check it out.
- The 11/4/09 newsletter discusses using a RCE to obtain an extension of the patent term – it may or it may not.
- The 11/11/09 email reports that PTO Director Kappos said at the Trilateral patent summit in Kyoto that the patent prosecution highway is “proven, effective,” and he pledged to “dramatically increase” its usage.
- The 11/13/09 post reports the CAFC's dismissal of the Tafas appeal but without vacating the district court's decision, which is now controlling precedent. Also see Pat-O for 11/14.
- The 11/19/09 email notes that the considerable PTO backlog permits routine patent term adjustments, and urges that they be sought.
- The 11/20/09 message discusses the Troll Busters PTO rejection of an inter partes reexamination request due to undisclosed real parties in interest.
- The 11/21/09 newsletter reports that CAFC Chief Judge Michel will retire effective 5/31/10, creating at least 2 and possibly 3 (or more) judgeships for Pres. Obama to fill. Also see Pat-O for 11/24/09.
- The 11/23/09 email (two posts) discusses a Top Ten US Patentees study. It concludes that soon the top 150 patentees will receive half the newly-issued patents. For this they will pay about \$1B to the PTO. The study is posted at GrayonClaims.com.
- The 11/24/09 post reports that an internal PTO study has found that 36% of all RCE filings are in the computer tech center group.
- The 11/27/09 newsletter reports that India's traditional knowledge database will now be available in the US (and to the PTO).
- Hal's top ten list of cases on appeal is now available at GrayonClaims.com/hal. Check it out.
- The 12/1/09 newsletter reports that the Indian database of traditional biologics knowledge is now available in the US. Examiners are expected to begin citing it soon. Hal asserts that traditional knowledge abroad is not a ground for refusing a patent, citing cases.
- Hal, in his 12/4/09 email, continues the traditional knowledge database discussion, citing some relevant articles by others.
- Another 12/4/09 posting discusses the *Encyclopedia Britannica* CAFC decision holding that a computer means claim must disclose in the spec adequate specific structure, including software, to perform the recited function.
- The 12/5/09 email discusses BlackBerryGate, patent reexamination missteps by the PTO. But neither Hal nor the PTO mention the ex parte meetings by the Director with only BlackBerry counsel in January 2007 about the inter parte reexaminations while they were pending. Obviously this was a serious ethical breakdown at the PTO, one understandably being swept under the PTO rug.
- The 12/7/09 newsletter discusses the oral en banc argument that day in *Ariad*.
- The 12/11/09 message reports that the PTO published a notice today which would reinstate the patent counsel registration fee – see 74 FR 65733. Comments invited through 2/9/10.
- The 12/15/09 email focused on *Intell. Science* (CAFC) and the perils of means elements in claims without clear corresponding structure in the specification. An MPF claim should never be the broadest claim.
- Another 12/15/09 email discusses “rogue” violations resulting from a refusal to examine, when a species has been elected, generic claims reading on that species – per 72 FR 44992 (8/10/07).
- The 12/28/09 posting cites the *Forest Group* CAFC decision holding that each sold article marked in violation of 35 USC § 292(a) is a separate violation.
- The 1/6/10 email discusses the Restaurant Tech. CAFC decision holding that a “means” element in a claim, to be infringed, must disclose in the asserted patent the defendant's “means” element.
- Two 1/7/10 blogs report and discuss the Weyth CAFC decision on patent term adjustment. It's too complex to summarize here.

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- The 1/8/10 email discusses marking a product with multiple patent numbers. A related article is posted at GrayonClaims.com.
- In the 1/11/10 blog Hal looks at the tea leaves and concludes that passage of a comprehensive patent reform bill this spring is “unrealistic.”
- The 1/18/10 message reports that, to achieve full funding, PTO Director Kappos has replaced former CFO Hudson with Karen Strohecker of the Operations office. Hopefully she will succeed.
- The 1/20/10 email discusses appeals to the BPAI. Both filings and time to decide are projected to rise “off the charts” this year.
- The 1/23/10 blog discusses a new PTO internal policy of rejecting under §101 method claims in mechanical cases with allowed claims, and why it is wrong.
- The 1/25/10 post reports the Boehringer and Therasense CAFC decisions. In B., a terminal disclaimer filed after expiration of the relevant patent did not cure an obviousness-type double patenting problem. In T., inequitable conduct was found for not informing the PTO of arguments presented to the EPO.
- The 1/26/10 email discusses the PTO’s boilerplate “reversible error” Kahn standard applied to examiner rejections and why it is wrong. The 1/29/10 post cites the recent Ibarra BPAI decision as holding that the reversible error must be “beyond quibbling.”
- Hal’s 1/27/10 post continues a discussion of an applicant’s right to have examined generic claims covering an elected species, and the PTO’s denial of that right.

Patently-O – a blog written by Dennis Crouch – www.patentlyo.com.

- The 11/1/09 blog reports the results of a study of the grant rates from stay motions in patent reexamination cases before DCs by concluding that they are highly judge dependent, and focus on three factors.
- The 11/5/09 email discusses the *Imation* CAFC decision holding a license to apply to an after-formed subsidiary of the licensee.
- The 11/7/09 post discusses claim preambles, and includes observations by Ron Slusky that any extra word in a claim can and will be used against the patentee. Ron then gives examples of when a few extra words might be desirable, and when they are not.
- The 11/9/09 email presents a partial transcript and discussion of the *Bilski* hearing before the Supreme Court on that day.
- The 11/11/09 blog reports the *Rodriguez* BPAI decision holding that means plus function language in a claim is not enabled by an “appropriately programmed general purpose computer.” More was needed, the expanded panel said.
- The 11/17/09 post discusses the *H&R Block* ED Texas decision holding a patent on a tax refund system invalid.
- The 12/2/09 blog reports a *Deutsche Bank* case in which the CAFC is considering an order to bar plaintiff’s litigation counsel from also prosecuting plaintiff’s patent applications.
- The 12/3/09 email concerns the *Perfect Web* CAFC decision affirming an obviousness decision based at least in part on common sense. What’s next – hindsight?
- The 12/6/09 blog discusses the PTO’s guidelines under *KSR*, all of which only give examples of obviousness, and pleads with the PTO to give examples of non-obvious inventions. The problem here, of course, is that under *KSR* everything is obvious.
- The 12/12/09 message reports that patent filings at the PTO dropped in 2009 for the first time since 1995.
- The 12/16 email discusses the *Intell. Science* CAFC decision holding that an expert’s opinion MUST tie means clauses to corresponding structure in the application to be valid.
- The 12/17/09 blog reports the *Auto. Merch. Systems* CAFC decision holding, per *eBay*, that there is no longer a presumption of irreparable harm based solely on infringement of a valid patent.
- The 12/18/09 message states that the PTO has just invited comments on seven questions to improve patent quality and expedite examination, among other things. Check its website for more info.
- The 12/28/09 email reports that the PTO seeks to rehire ex-examiners to expedite examination of patent applications with minimum training.
- The 12/29/09 message discusses the newly re-proposed BPAI ex parte rules.
- The 1/1/10 blog reports an IP study of 42 vegetable varieties, finding that less than 4 percent were protected under the PVPA or a plant patent.
- The 1/4/10 email discusses the role of the SPEs at the PTO. If you’d like to comment on them, read this posting first.
- The 1/7/09 blog both discusses the Rest. Tech. decision (See Hal above) and the use of means plus function limitations in US patents. Dennis found, among many other things, that about 15% of recently issued patents had MPF. Patents claiming a French priority had 40%.

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- In the 1/8/10 email Dennis does a good job of summarizing the Wyeth CAFC decision on patent term adjustment.
- The 1/11/10 message reports a study showing that now design patents are issuing an average of about 14 months after filing.
- The 1/13/10 blog discusses patent term adjustments per the Wyeth CAFC decision, with examples and statistics. Today about 80% of issuing patents include some term adjustment Dennis finds.
- The 1/18/10 blog reports that summer IP jobs are scarce for law students, and recommends summer courses instead. It lists schools and IP summer classes being offered.
- The 1/19/10 message reports a study of recent US design patents. Over 80% were NOT rejected for any reason. Amazing.
- The 1/22/10 email summarizes the current PTO funding problem with receipts of \$2B plus and authorized expenditures of only \$1.887B.
- The 1/25/10 post states that 40% of BPAI briefs are defective, and lists some common reasons.
- The 1/29/10 blog reports that the PTO has adopted a free interim procedure for recalculating patent term extensions per Wyeth. Use new PTO form SB 131.

Carl Oppedahl – emails of PCT practice matters: oppedahl.com/pct.

- In early November Carl was promoting various resolutions of the AIPLA’s PCT committee, and obtained many favorable opinions about using the US as the ISA.
- The 11/5/09 email presents an excellent example of the help Carl offers in resolving PCT problems. In it, what should have been a § 371 application was filed under § 111(a). Carl discusses how to correct this error.
- The 11/14/09 post continues a thread discussing the filing of a PCT application with the PTO on a business day that is a holiday in the US.
- The 11/16/09 emails discusses restoration of priority.
- The 11/18/09 message cites some recent search fee increases.
- The 11/24/09 post announces a 12/8 webinar discussing the use of encryption in IP client communications.
- The 12/8/09 email discusses why the ISA/AU is “almost never” the correct choice, and lists the extensive collection of tech areas the AU won’t search.
- A whole series of emails on and about 12/21/09 discuss the impact of a PTO snow closure, especially on PCT and WIPO due dates.
- The 12/31/09 posting reports that while it used to take the PTO a year or more to send national stage filing receipts, it now seems to be taking them about four months to do so.
- The 1/1/10 email reminded recipients that PCT fees went up today.
- Another 1/1/10 email reports that new search fees are for KR, \$1092, for AU, \$1397, and for EP, \$2515. The US fee is still \$2080.
- A third 1/1/10 email reports that he has been waiting for a US national stage Filing Receipt in one of his cases for seventeen months.
- The 1/9/10 post discusses the use of EFS-web to file PCT applications.
- The 1/21/10 message reports that WIPO has opened a new PCT document upload system to all IB filers, and gives web addresses and some tips.
- The 1/23/10 post discusses fixing a priority filing date in a PCT case.
- A series of 1/23/10 posts discuss correcting misnumbered claims in a PCT case.

Gray on Claims – a claim construction and patent law blog – grayonclaims.com.

- The 12/5/09 email reports that Google now offers a dictionary with extensive definitions in 28 languages. See Google.com/dictionary.
- The 1/8/10 blog discusses the Weyth CAFC patent term adjustment decision, and cites a timely “PTA Strategies” paper.
- The 1/22/10 email cites a just published, mainly procedural CAFC Patent Damages Handbook for use by all.

Patent Docs – focusing on biotech and pharma patent issues – see patentdocs.org.

- The 11/10/09 post discusses the *Ariad* case before the CAFC raising basic written description issues and now scheduled for rehearing en banc. See also the discussion in Pat-O for 11/16/09.
- The 11/12/09 post reports that the PTO will begin a patent ombudsman program to help applicants with problems. The 11/17/09 email discusses patent term adjustment factors.

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- The 12/5/09 email reported that the PTO, effective 10/14/08, removed the proposed claims and continuation rules published in August 2007.
- The 12/8/09 message reports that the PTO, to reduce its backlog, is now offering small entities a “special” examination status for one application if the applicant expressly abandons another, copending, unexamined application. So file “another” application and make your application “special.”
- The PTO also has announced a pilot program to grant “special” status to certain “green” technology applications. See the cited notice in the PTO section below.
- To keep you up on the latest, note that the PTO has created yet another project to improve patent quality, reduce patent application pendency and ensure the validity of granted patents. See 74 FR 65193.
- A series of 1/10 emails discuss efforts to change the 12 year data exclusivity provisions of the current Health Care bills.

IPWatchdog – a patents and patent law blog – watchdog.com.

- The 11/12/09 blog relays reports from Twitter users that their address lists are being hacked and used.
- The 12/16/09 blog reported that the Senate on Sunday passed the 2010 appropriations bill leaving PTO funding the same as '09 – i.e. underfunded. (It was signed by the President on 12/16/09.)
- The 12/22/09 email discusses the re-proposed BPAI appeal rules at length. See 74 FR 76987.

Cal Bar IP Section – alerts when appropriate – Contact: mitch.wood@calbar.ca.gov

- The 2009 edition of the Trade Secrets Guide is now available.
- The Copyright Office comes to CA, 2/1 in Santa Monica and 2/3 in SF.
- The Sections Institute will be held Jan. 21-22, 2010 at Long Beach.
- The Section will participate in the 2010 Education Inst. Jan. 22-24 in Santa Monica.
- The Copyright Office comes to CA, Feb. 1 in Santa Monica, and Feb. 3 in SF. Registration opened 12/16/09. See you there.
- The First International IP Law conference will be held in SF on 4/22-23/10.

AIPLA Direct – a newsletter issued from time to time

http://www.aipla.org/Content/ContentGroups/About_AIPLA1/AIPLA_Reports/AIPLA_Reports_TOC.htm

- The 2009 Economic Report is now available.
- The Midwinter Institute will be held at La Quinta Resort Jan. 27 – 30. Early bird rates end Jan. 13.

PTO notices – www.uspto.gov/main/newsandnotices

- A recent notice states that as of Nov. 15, 2009, RCE cases will be carried on examiners’ “special new” docket and receive expedited examination.
- Director Kappos has begun a “Director’s Forum” blog – see uspto.gov/blog. Check it out.
- The next Biotech and Chemical Customer Partnership group will meet at 5pm on 12/9/09 at the PTO’s Madison E. auditorium. To attend call 571/273-0562.
- For the new “green” special status program see *Pilot Program for Green Technologies Including Greenhouse Gas Reduction* (Notice), 74 Federal Register 64666 (Dec.8, 2009).
- The PTO has issued its FY 2009 annual report, available at its website.
- The PTO has revised its public key infrastructure (PKI) practices. See 74 FR 66955 (12/17/09).
- The PTO was closed 12/21/09 due to snow. See 37 CFR 1.9(h). See Carl O’s discussions, referenced above, for the affect of this event.
- On 1/12/10 the PTO posted notice that it will change its patent term adjustment calculations to conform to the Weyth CAFC decision.

TTABlog – a blog written by John Welch – www.TTABlog.com

- The 11/5/09 blog reports that the TTAB has held “TIRES TIRES TIRES” to be generic and thus unregistrable. In an aside, the blog noted that Little Caesar’s had registered PIZZA! PIZZA!
- The 11/19/09 email discusses the Brayco TTAB decision concerning functionality of a flashlight body.
- The 11/20/09 blog reports that the oldest still pending TTAB case was filed on 9/9/82 – that’s more than 27 years ago!

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- Another 11/20/09 post reports the *Ayuah* decision and its strict application of the fraud pleading requirements by the TTAB.
- The 12/4/09 blog reports the *Research in Motion* TTAB decision holding in part that use at trial of TARR printouts of pled registrations is proper.
- The 12/7/09 email reports the *Ashley O'Rourke* TTAB decision holding "Vintage Pink" for jewelry and clothing to not be merely descriptive because "pink" is "unlikely to be perceived as . . . a significant aspect of those goods." Oh?
- The 12/17/09 message reports that the Board has held "Pedro Pan," a Peter Pan reference for charitable services to unaccompanied children in the Miami area, to be merely descriptive of such services.
- The 12/19/09 blog reports that the Trademark Advisory Committee has issued its 2009 Annual Report, and cites some interesting tidbits.
- The 12/24/09 email states that the *Michael Sones* CAFC decision reversed a TTAB holding that a website specimen must include a photo of the product; it only need show an association of the mark with the stated goods or services.
- The 1/5/10 blog reports the Promgirl decision holding that in inter parte proceedings the Board takes the discovery conference requirement very seriously, and will participate if needed.
- The 1/6/10 email lists the 17 TTAB judges with a short bio of each.
- The 1/7/10 offering reports an oral argument before the CAFC in the Mary Queen case about the registrability of a religious cloak. Robes as trademarks? Maybe the world will end in 2012.
- The 1/11/10 email reports the Renati TTAB decision holding that the extreme rareness of a surname warrants its registration here for certain goods.
- The 1/20/10 blog reports that the oldest TTAB pending case was filed on 9/9/82. The most recent paper in it was filed on 1/19/10. Talk about slow! A second blog on 1/20 reports that the PTO has just goosed the parties to move things along. A coincidence?

Copyright Society of the USA – periodic emails to members – www.csusa.org

- The midwinter meeting will be held in Scottsdale on Feb. 4-6, 2010.

Copyright Office News – copynews@loc.gov

- A reminder – many Copyright Office fees changed August 1, 2009.

Other Stuff –

- The NIH is reported to have filed 343 patent applications and received \$92.7M in patent royalties during fiscal year 2008 – see "The BLT" blog for 11/1/09.
- Robert Rines, a well-known Boston patent attorney who founded the Franklin Pierce Law Center and was an inductee of the National Inventors Hall of Fame, died on Nov. 1, 2009.
- The National Inventors Hall of Fame has moved from Akron, Ohio to the PTO's Museum in D.C. The 2010 Induction Ceremony will be held Feb. 11, 2010 at the PTO.
- The PTO just issued some patents that had expired before issuance!
- China has announced an IP law conference on Jan. 26-27, 2010 in Shanghai. For more info contact C5 (UK).
- North Face has sued a student for use of the mark "South Butt." The student's attorney argues that people know the difference between a face and a butt. Yes, but do judges?
 - The PLI will hold its 4th annual patent institute 3/1-2/10 in NYC and 3/22-23/10 in SF. Contact PLI for info.
 - C5 (UK) will hold the 18th Biotech Patenting Conference on 3/17-18 in Munich.
 - The ABA IP Section will hold the 25th IP Law conference on 4/7-10/10 in Arlington, VA.
 - A recent report said that there are now about 40,000 practicing patent attorneys in the US and about 10,000 in the EU.
 - New rules for the BPAI are in the works at the PTO – it hosted a 3 hour roundtable to discuss them Jan. 20.

For more information about any of the patent topics mentioned consult *Patent Application Practice*. Trademark topics are discussed in *Trademark Registration Practice*. Both are published by West and updated twice a year. ❖

Recent IP Cases

By Irfan Lateef

Knobbe, Martens, Olson & Bear

◆ In *Imation Corp. v. Koninklijke Philips Electronics N.V.*, Nos. 2009-1208 and -1209, the Federal Circuit reversed the district court's judgment on the pleadings under Rule 12(c) that two Imation subsidiaries were not licensed under a patent cross-license agreement, and held instead that the license applied to subsidiaries acquired after the termination of the underlying agreement.

Philips and 3M entered a patent cross-license Agreement, which extended the license to certain "Subsidiaries." The Agreement was to expire in 2000, although the license continued as to each licensed patent for its life. In 1996, 3M spun-off Imation who continued under the agreement. After 2000, Imation acquired two additional subsidiaries, GDM and Memorex.

The district court held that GDM and Memorex were not "Subsidiaries," because they were acquired after the expiration date that applied to the entire Agreement. The district court reasoned use of the term "licenses" in the plural indicated granting multiple personal licenses as new patents or subsidiaries come into existence.

The Federal Circuit disagreed, finding the term "agrees to grant and does hereby grant" to constitute a grant of a single group license. The use of "licenses" in the plural was not dispositive, since the Agreement contemplated several cross licenses. The Federal Circuit also found the term "hereafter" to lack a temporal limitation as used in the Agreement and under its ordinary meaning. Reading the expiration date to the entire Agreement would also conflict with the provision to grant licenses to patents filed after the expiration date.

◆ In *Iovate Health Sciences, Inc. v. Bio-Engineered Supplements & Nutrition, Inc.*, No. 2009-1018, the Federal Circuit affirmed the district court's grant of summary judgment of invalidity due to anticipation under 35 U.S.C. § 102(b).

Iovate brought suit against Bio-Engineered Supplements claiming infringement of its patent that covers use of nutritional supplements to enhance muscle performance and recovery from fatigue. Bio-Engineered won summary judgment of invalidity under § 102(b). The district court determined that the patent was anticipated by ads for another company's "Professional Protein," published in *Flex* magazine before the critical date.

The Federal Circuit affirmed, concluding that the ad "clearly constitutes an anticipatory printed publication." The court agreed with Bio-Engineered that the ad discloses each and every limitation of the claims, because the ad teaches that taking a supplement containing the claimed ingredients, as advertised, is effective for increasing muscle performance and recovery after exercise. Moreover, the court agreed that one of ordinary skill in the art, combining the artisan's knowledge of the art with the ad's suggestions, would have considered the ad to be enabled.

◆ In *In Re Hoffman-La Roche, Inc.*, Miscellaneous Docket No. 911, the Federal Circuit granted petitioner's petition for a writ of mandamus seeking a venue transfer and held that the district court clearly abused its discretion.

The petitioners make a drug that was developed and tested in North Carolina and is manufactured and processed in Colorado, Michigan, New Jersey, and Switzerland.

Novartis brought suit against the petitioners in the Eastern District of Texas. The petitioners moved to transfer the suit to the Eastern District of North Carolina. The district court denied the motion, stating that the case was "decentralized," that transfer would merely shift inconveniences, that one witness residing in Texas could be subpoenaed, that 75,000 pages of electronic documents were already in Texas, and that neither venue had a localized

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interest.

The Federal Circuit granted the writ of mandamus, overruling the district court. The Federal Circuit ruled that there is a stark contrast in relevance, fairness, and convenience between the two venues. First, the accused drug was developed in the Eastern District of North Carolina, and many documents, sources of proof, and witnesses are in North Carolina. Second, the Eastern District of North Carolina has a less congested docket than the Eastern District of Texas. Third, there is no connection between the Eastern District of Texas and the case. Finally, the 75,000 pages of electronic documents appear to have been transferred solely for the purpose of establishing venue. The Federal Circuit held that the district court “clearly abused its discretion in denying petitioners’ motion to transfer venue pursuant to 28 U.S.C. §1404(a).”

◆ In *Perfect Web Technologies, Inc. v. Infousa, Inc.*, Case No. 2009-1105, the Federal Circuit affirmed the district court’s grant of summary judgment of invalidity because the asserted claims would have been obvious.

Perfect Web brought suit asserting that InfoUSA infringed its patent to methods of (and apparatuses for) managing bulk e-mail distribution to groups of targeted consumers. The asserted independent method claim involved “comparing the number of successfully delivered email messages in a delivery against a predetermined desired quantity, and if the delivery does not reach the desired quantity, repeating the process of selecting and emailing a group of customers until the desired number of delivered messages has been achieved.” Dependent claims merely added the steps of choosing a subset group for emailing and utilizing an “opt-in list” for targeting recipients. Apparatus claims to “machine readable storage” incorporating a program capable of performing the claimed method were also asserted.

The district court granted InfoUSA’s motion for summary judgment of invalidity. The district court concluded that the independent method claim “would be obvious to virtually anyone” because the only step not recited in the prior art—repeating the process of selecting and emailing—merely amounted to “try, try again.” Thus the district court found the claim would have been obvious. The district court further found that the independent method claim was anticipated under 35 U.S.C. § 102(b) and did not constitute patentable subject matter under 35 U.S.C. § 101 as “merely a set of algorithms.”

The Federal Circuit clarified that “while an analysis of obviousness always depends on evidence that supports the required *Graham* factual findings, it also may include recourse to logic, judgment, and common sense available to the person of ordinary skill that do not necessarily require explication in any reference or expert opinion.” The Federal Circuit found that the district court adequately explained its invocation of common sense and that “simple logic” suggests that it would be obvious to try the step of repeating the process of selecting and sending messages.

◆ In *Ultimax Cement Manufacturing Corp. v. CTS Cement Manufacturing Corp.*, Case Nos. 2008-1218 and -1439, the Federal Circuit vacated summary judgment of non-infringement and reversed summary judgment of laches and indefiniteness.

Ultimax and CTS both produce rapid-hardening, high-strength cement, and the patents at issue relate to this technology.

The Federal Circuit vacated the district court’s holding of non-infringement of one of the asserted patents on the basis of an erroneous pre-*Phillips* claim construction of the term “soluble CaSO₄ anhydride.” The district court relied on a single dictionary definition and expert testimony in claim construction. In light of other dictionary definitions and the context of the entire specification, the claim construction was overturned.

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Furthermore, although at least twelve years had passed between patent issuance and filing suit on that patent, the summary judgment decision on laches was overturned due to a genuine issue of material fact regarding when Ultimex knew or should have known of CTS's alleged infringement of the patent before discovery in 2002. CTS failed to dispute the allegation that Ultimex could not have tested CTS's product for the presence of soluble anhydrite. As a result, Ultimex's reasonable belief of CTS's infringement is at issue and summary judgment was improper.

The district court's grant of summary judgment on indefiniteness of Claim 17 of a second asserted patent was reversed, with the Federal Circuit's direction to enter judgment that the claim is not indefinite. Even though this claim could be interpreted broadly to encompass 5000 chemical compounds, that does not make the claim insolubly ambiguous or prevent the public from understanding the scope of the patent.

◆ In *Hewlett-Packard Co. v. Acceleron LLC*, Case No. 2009-1283, the Federal Circuit reversed the district court's dismissal for lack of declaratory judgment jurisdiction.

Acceleron sent a letter to HP containing a two-week window in which HP should respond and state its desire to discuss the applicability of an Acceleron patent to the HP product line. HP responded with a letter stating that HP would agree to discuss the patent and not file an action for declaratory judgment for 120 days if Acceleron would agree to not file a claim against HP for 120 days. Acceleron did not agree and HP then filed for declaratory judgment.

"A communication from a patent owner to another party, merely identifying its patent and the other party's product line, without more" is insufficient basis for jurisdiction for a declaratory judgment action. Jurisdiction for declaratory judgment can, however, be created by "conduct that can be reasonably inferred as demonstrating intent to enforce a patent." The Federal Circuit held that Acceleron's conduct could be reasonably inferred as implicitly asserting its patent rights as it wrote that its patent was "relevant" to HP's product line, "imposed such a short deadline for response," and insisted that HP not file suit. Additionally, "Acceleron is solely a licensing entity, and without enforcement . . . receives no benefits from its patents." These facts, combined with HP's disagreement as to Acceleron's assertions are sufficient to create a "definite and concrete" dispute between Acceleron and HP giving rise to declaratory judgment jurisdiction.

◆ In *Tyco Healthcare Group L.P. v. Ethicon Endo-Surgery, Inc.*, Case Nos. 2008-1269 and -1270, the Federal Circuit affirmed the district court's dismissal, without prejudice, of Tyco's infringement suit because Tyco failed to prove ownership of the asserted patents, and thus lacked standing to sue.

On April 1, 1999, U.S. Surgical Corporation ("USSC") entered into a Contribution Agreement which transferred rights in certain patents to Tyco.

Under the Federal Circuit's interpretation of the Contribution Agreement, only those patents that were not asserted in or affected by any litigation pending as of April 1, 1999 were transferred to Tyco. Tyco Healthcare did not offer evidence that would allow the court to determine which litigations were pending when the Contribution Agreement was signed, and thus the district court properly dismissed the case without prejudice to allow Tyco to develop the evidence needed to establish ownership.

◆ In *Source Search Technologies, Llc. v. Lendingtree LLC*, Case Nos. 2008-1505 and -1524, the Federal Circuit affirmed the district court's denial of summary judgment of indefiniteness, but vacated and remanded the grant of summary judgment of obviousness and infringement.

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Source Search sued Lending Tree for infringement of a patent, which claimed "a computerized procurement service for matching potential buyers with potential vendors over a network." The District Court granted summary judgment of infringement, denied the motion for summary judgment of invalidity based on indefiniteness of the claim term "goods and services," and granted summary judgment of invalidity based on obviousness.

The Federal Circuit concluded that a skilled artisan could understand the term "goods and services" and affirmed the District Court's denial of summary judgment of invalidity for indefiniteness. The Federal Circuit also vacated the District Court's grant of summary judgment of obviousness. The Federal Circuit noted that the relevant claims of the patent required the procurement service to obtain "quotes," which consist of offers from potential sellers that are "capable of acceptance." The Court concluded that a factual dispute existed as to whether the prior art disclosed "quotes" that consisted of acceptable offers or merely non-binding responses. The Federal Circuit also reversed the summary judgment of infringement on the same grounds, concluding that a factual dispute existed as to whether the accused website met the "quote" limitation of the patent.

◆ In *Intellectual Science and Technology, Inc. v. Sony Electronics, Inc.*, Case No. 2009-1142, the Federal Circuit affirmed the District Court's grant of summary judgment of non-infringement.

Intellectual Science and Technology (IST) sued Sony for infringement of five patents. The representative claim included the claim limitation, "data transmitting means," which invoked 35 U.S.C. § 112, sixth paragraph. The parties did not dispute the corresponding structure, but rather the experts differed on whether the structure was present in the accused devices.

The District Court held that IST's expert's declaration that the representative products contained the corresponding structure was conclusory and insufficient to raise a genuine issue of fact because the expert failed to identify specific corresponding structure in the accused products. Specifically, the expert did not point to specific structural elements in the circuit diagrams, explain the role of the elements, or inter-relate the operation of the elements relative to any other elements.

The Federal Circuit agreed that the expert's declaration did not sufficiently identify structural elements of the claimed "data transmitting means" in the accused products. Rather, the declaration simply referenced a circuit diagram of the accused device and vaguely contended that it showed the infringing structures without explanation of which components corresponded to which structural elements. The Federal Circuit explained that the declaration was insufficient to raise a genuine issue of material fact because it did not identify which components met each limitation, or how the components interacted to satisfy the claim limitation. The Federal Circuit rejected the defendant's argument that the structural elements shown in the referenced circuit diagram did not need to be further explained because they were "off-the-shelf" components. The Federal Circuit explained that there was nothing in the record to corroborate that one of skill in the art would recognize these "off-the-shelf" components in the circuit diagram as equivalent to the corresponding structure. Accordingly, the Federal Circuit affirmed the summary judgment of non-infringement.

◆ In *In Re Nintendo Co., Ltd.*, Miscellaneous Docket No. 914, the Federal Circuit granted Nintendo's writ of mandamus directing the Eastern District of Texas to vacate its order denying Nintendo's motion to transfer venue and directing the court to transfer the case to the Western District of Washington.

Nintendo filed a motion under 28 U.S.C. § 1404(a) to transfer venue to the Western District of Washington. Nintendo argued that the Western District of Washington was a far more convenient venue to try the case because the physical and documentary evidence was mainly located in Washington and Japan. None of the parties were

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incorporated in Texas or had offices in Texas, no witnesses resided in Texas, and no evidence was located in Texas.

The district court denied Nintendo's motion to transfer. The Federal Circuit concluded that the district court clearly abused its discretion in denying transfer from a venue with no meaningful ties to the case. The Federal Circuit relied upon *TS Tech* and *Volkswagen* as precedent, in which the district court had been previously reversed for failing to transfer cases. See *In re TS Tech USA Corp.*, 551 F.3d 1315 (Fed. Cir. 2008); *In re Volkswagen of Am., Inc.*, 545 F.3d 304 (5th Cir. 2008). In the present case, the district court: (1) applied too strict of a standard to allow transfer; (2) gave too much weight to the plaintiff's choice of venue; (3) misapplied the forum non conveniens factors; (4) incorrectly assessed the 100-mile tenet; (5) improperly substituted its own central proximity for a measure of convenience of the parties, witnesses, and documents; and (6) glossed over a record without a single relevant factor favoring the plaintiff's chosen venue.

◆ In *International Seaway Trading Corp. v. Walgreens Corp.*, Case No. 2009-1237, the Federal Circuit concluded that the "ordinary observer" test is the sole test for assessing anticipation of design patents, harmonizing the law regarding design patent anticipation with the Federal Circuit's decision in *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665 (Fed. Cir. 2008) (en banc), which changed the test for infringement of design patents.

Seaway sued Walgreens and Touchsport for infringement of three design patents for footwear. The district court held that the claims of the asserted patents were invalid because they were anticipated by a patent assigned to Crocs. When the district court considered the prior art, it analyzed only the exterior portions of the patented shoe designs, but not the insoles of the designs. The district court believed that the law requires a court to consider only those portions of the product that are visible during normal use, regardless of whether those portions are visible during the point of sale. Thus, the district court held that "normal use" did not include the point of sale.

The Federal Circuit agreed with the district court's use of the ordinary observer test to determine anticipation and reiterated that the "point of novelty" test should no longer be used in the analysis of design patent infringement and that the "ordinary observer" test should be the sole test for determining whether a design patent has been infringed. The Federal Circuit held that, because the same test must be used for both infringement and anticipation, the "ordinary observer" test should also be the sole test for determining the validity of a design patent.

The Federal Circuit disagreed, however, with the district court's findings on "normal use." The Federal Circuit held that "normal use" in the design patent context extends from the completion of manufacture or assembly until the ultimate destruction, loss, or disappearance of the article. The Federal Circuit also noted that the point of sale occurs after manufacture. Therefore, the Federal Circuit concluded that the district court erred by failing to consider the insoles of the patented designs in its invalidity analysis. Accordingly, the Federal Circuit vacated and remanded for a determination of whether the differences between the insole patterns in the patents-in-suit and in the prior art bar a finding of anticipation or obviousness.

In his dissent, Judge Clevenger asserted that the majority should not have remanded for a determination of anticipation limited to the insole patterns. Judge Clevenger contended that remanding for adjudication of anticipation solely on the basis of the insole inappropriately focuses the fact finder on a single specified feature of the claimed design, whereas the "ordinary observer" test requires assessment of the design as a whole. Therefore, the district court should have been directed to evaluate the differences in the designs as a whole.

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◆ In *I4I L.P. v. Microsoft Corp.*, Case No. 2009-1504, the Federal Circuit affirmed a jury verdict of no invalidity, willful infringement, and damages, and further affirmed the district court's award of enhanced damages and issuance of a permanent injunction against Microsoft.

i4i sued Microsoft for infringement of i4i's patent covering xml editing technology for word processors. After a jury trial, the patent was found valid and willfully infringed by Microsoft's Word product. Further, the district court awarded additional damages based upon Microsoft's willful infringement, as well as a permanent injunction that would prohibit Microsoft from selling, offering to sell, importing, or using copies of Word with the infringing XML editor, as well as instructing or assisting new customers of Word in the XML editor's use, after the effective date of the injunction. Microsoft challenged the jury verdict and injunction on multiple grounds.

On appeal, the Federal Circuit affirmed the jury verdict of no invalidity and willful infringement, as well as the district court's award of enhanced damages and issuance of a permanent injunction.

With respect to the permanent injunction, the Federal Circuit evaluated each of the four *eBay* factors and affirmed the district court's injunction. With respect to the first *eBay* factor, the Federal Circuit held that i4i had suffered irreparable harm due to Microsoft's infringement, which was proven by evidence that Microsoft's infringement rendered i4i's product obsolete for much of the custom XML market, causing i4i to lose market share and change its business strategy to survive. With respect to the second *eBay* factor, the Court held that monetary damages were inadequate because a loss of market share, brand recognition, and customer goodwill typically defy valuation "particularly when the infringing acts significantly change the relevant market. As for the third *eBay* factor, the Court concluded that the balance of the hardships favor i4i because the patented technology is "central" to i4i's business, but only a small factor in Microsoft's business. On this issue, the Court further stated that the "cost of redesigning the infringing products" is irrelevant to the hardship consideration. With regard to the final *eBay* factor, the Court held that the public interest favors upholding patent rights, especially here where the injunction greatly minimizes adverse effects on the public because it excludes users who purchased or licensed infringing Word products before the injunction's effective date.

The Federal Circuit, however, modified the district court's injunction by pushing back the effective date of the injunction from sixty days to five months from the date of the district court's August 11, 2009 order, resulting in a new effective date of January 11, 2010.

◆ In *The Forest Group, Inc. v. Bon Tool Co.*, Case No. 2009-1044, the Federal Circuit held that the plain language of 35 U.S.C. § 292 requires courts to impose penalties for false marking on a per article basis.

The Forest Group was found to have intent to deceive the public under the false marking statute and was fined \$500 for a "single decision" to mark its stilts with its patent. Bon Tools appealed the court's decision, arguing that the district court erred in holding the \$500 maximum fine for false marking is on a per-decision basis instead of per-article basis.

The Federal Circuit reversed the district court's determination that the false marking penalty is on a per-decision basis. The plain reading of the statute indicates a per-article reading: "any unpatented article" and a fine for "every such offense." Accordingly, the Federal Circuit held that the statute "clearly requires that each article that is falsely marked with intent to deceive." Though a line of cases has allowed for a time-based penalty, the Federal Circuit held that the time-based approach does not find support in section 292. The Federal Circuit also cited policy considerations to support the per-article fine, as many parties will rely on individual articles to determine patent coverage and react accordingly. The court further noted that the purpose of the statute would be frustrated, as no plaintiff would file a *qui tam* lawsuit just to "split a \$500 fine with the government." The Federal Circuit remanded to determine an appropriate per-article fine up to the maximum of \$500. ❖

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OCPLA NEWSLETTER

Orange County Patent Law Association

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2010 OCPLA EVENTS SCHEDULE				
<u>DATE</u>	<u>LOCATION</u>	<u>TOPIC</u>	<u>SPEAKER(S)</u>	<u>MCLE CREDIT</u>
THURSDAY, February 18, at Noon	Sports Club/LA Orange County 1980 Main Street Irvine, CA 92614 (949) 975-8400	Significant Patent Decisions of 2009	Andrew D. Mickelsen, McDermott Will & Emery and Christopher D. Bright, McDermott Will & Emery	1.0 hour
THURSDAY, March 18, at Noon	Sports Club/LA Orange County 1980 Main Street Irvine, CA 92614 (949) 975-8400	Overview of Export Administration Regulation for DUAL USE Items	Joseph M. Tosto, Jr. Export Administration Specialist, U.S. DEPARTMENT OF COMMERCE, Bureau of Industry and Security (BIS)	1.0 hour

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