
IP SAVVY

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ONE YEAR BAR

A patent application for an invention has to be filed by several strict deadlines. You probably already know, for example, you have one year to file from the time you sell or even just offer to sell a product you want to patent, right?

Okay, now consider the facts of the case *Hamilton Beach Brands, Inc. v. Sunbeam Products, Inc.*, 107 USPQ 2d 1901 (Fed. Cir. 2013). A company orders, via a purchase order, a product from the company's supplier and the supplier agrees in an email it would begin production under the terms of the purchase order. Over a year later, a patent is filed for the product. Are there any problems?

Well, yes, the patent is invalid. The company purchase order was an offer to buy and the supplier's email was an offer to sell. The patent, filed now over one year later (actually, a year and a few days) after the offer to sell, is invalid.

The interesting fact is that the offer to sell came from the patentee's supplier who sold the patented product to the patentee. In the usual case, the offer comes from the patentee to sell its patented product to customers, stores, or the like. But in this situation, the fact that the patentee was the purchaser and its supplier was the seller didn't matter.

Companies ordering prototypes, samples, and the like from suppliers would be wise to file before the order and/or discuss possible ways to not trigger the on sale bar clock with a savvy patent attorney.

PATENT VALID, NOT VALID

See if you can follow this one. Baxter has a patent for a hemodialysis machine and sued Fresenius USA, Inc. for patent infringement. Fresenius argued the patent was invalid. A jury agreed but the federal district court judge disagreed and decided Fresenius failed to prove the Baxter patent was invalid. Fresenius appealed to the Federal Circuit, lost and so Fresenius had to pay Baxter damages. Round #1: Baxter's patent is valid.

Fresenius then had the Baxter patent re-examined back at the Patent Office which ruled the Baxter patent was invalid. Baxter next appealed to the Federal Circuit which, careful now, affirmed. Round #2: the Baxter patent is invalid.

So, the same patent, looked at twice by the Federal Circuit Court of Appeals, is first held valid and then next held invalid. If you look at it another way, a federal agency (the Patent Office) effectively overruled a court. Crazy, right? Right. *Fresenius USA, Inc. v. Baxter International, Inc.*, 107 USPQ 2d 1365 (Fed. Cir. 2013)

EXPENSIVE DOWNLOADS

It only took 6 years but Joel Tenenbaum's music downloading case is finally over. In *Sony v. Tenenbaum*, 107 USPQ 2d 1264 (2013), the First Circuit Court of Appeals here in Boston ruled that the previous jury award against Tenenbaum in the amount of \$675,000.00 (or \$22,500 per song) stands.

PATENT ELIGIBLE INTERNET BUSINESS METHOD

In *Ultramercial Inc. v. Hulu LLC*, 107 USPQ 2d 1193 (2013), the Federal Circuit Court of Appeals upheld a patent for a method of distributing songs, books, and movies over the internet for free in exchange for the recipient viewing an advertisement (the advertiser pays the cost of the copyrighted content). In so doing, there was at least a little guidance concerning how to successfully patent a computer or internet method and not have it ruled a patent ineligible abstract idea.

NO PATENT FOR COMBINATION DRUG THERAPY

The Federal Circuit case of *Novo Nordisk v. Caraco Pharmaceutical Laboratories Ltd.*, 107 USPQ 2d 1210 (2013) concerns a patent for so-called "combination drug therapies" (here two known diabetes treatments used together). If the combination of drugs does not yield an unexpected synergistic effect, the combination is obvious and not patentable. In other words, and this applies to all technologies, where A and B are not new individually, putting them together where, in the combination, both A and B perform the function they were designed to perform, is obvious and not patentable.

TOO BROAD PATENT CLAIM STRUCK DOWN

In *Wyeth v. Abbott Laboratories*, 107 USPQ 2d 1273 (Fed. Cir. 2013), a patent claim covered administering a class of compounds to treat restenosis (narrowing of an artery). But, the patent specification included test data for only one compound in the class. The patent was held invalid for lacking enablement since it would have required undue experimentation to test all the other compounds in the class. This is yet another case proving the Federal Circuit doesn't like "too broad" patent claims.

INDUCEMENT

Inducing patent infringement means having someone else (e.g., your customers) directly infringe a patent. The party inducing infringement must know the induced act constitutes patent infringement. In *Commil USA LLC v. Cisco Systems Inc.*, 107 USPQ 2d 1290 (2013), the Federal Circuit held that if the party accused of inducing infringement has a good faith belief that the patent is invalid, the requisite intent for induced infringement may be missing even if the patent is ultimately adjudicated valid. Think about what that means if this case stands up: every party accused of inducement will argue the patent is invalid to escape liability.

ROYALTIES END WITH PATENT EXPIRATION

Contract and licensing attorneys take note: it can be real tricky to require royalty payments for technology after the patent for the technology expires even if trade secrets, know how, or the like is a part of the license agreement. For a good overview of the case law, see *Kimble v. Marvel Enters Inc.*, 107 USPQ 2d 1496 (2013) where the 9th Circuit Court of Appeals held royalty payments end when the patent expired despite a written agreement to the contrary.

PLAINTIFF PAYS

Can a patent owner get into trouble in litigation and have to pay the alleged infringer's legal bill? In litigation deemed "vexatious," a patent owner was required to pay the defendant's legal bill to the tune of \$8,419,429 in *Monolithic Power Sys., Inc. v. O2 Micro Int'l, Ltd.*, 107 USPQ 2d 1972 (Fed. Cir. 2013).

CLEAR PTO MESSAGE

Patents for processor based technologies continue to be placed in jeopardy raising questions concerning a) what type of patent claim language is acceptable and b) the required extent of disclosure in the written description portion of the patent concerning the algorithm carried out by the processor. Cases like *Ex parte Erol*, 107 USPQ 2d 1963 (P.T.A.B. 2013) seems to indicate that the hardware must be specified as well as the specific computer code in order to prevent a challenge to the validity of the patent. See also *Ex parte Cardaso*, 107 USPQ 2d 2113 (P.T.A.B. 2013), *Ex parte Smith*, 108 USPQ 2d 1198 (P.T.A.B. 2013), and *Ex parte Lakkala* (P.T.A.B. 2013). While these cases percolate, it is probably best to include lots of detail concerning the algorithm and descriptions of how it works including at least detailed flow charts and pseudo code or even actual code.

NO TRADEMARK INFRINGEMENT

Without knowing more, I would have thought WaterPik, Inc.'s SinuSense® trademark for a sinus-irrigation product infringed Med-System, Inc.'s SinuCleanse® trademark for the same type of product. The 10th Circuit Court of Appeals, however, disagrees with me in *WaterPik, Inc. v. Med-Systems, Inc.*, 107 USPQ 2d 2095 (2013) proving determining trademark infringement is a heavy fact based inquiry and that trademarks may not, in some cases, provide all that much protection.

LATE MAINTENANCE FEES

If a maintenance fee is not paid to keep a patent alive, it can be revived, under certain circumstances, by filing a request with the Patent and Trademark Office stating the failure to pay the maintenance fee was "unintentional." What "unintentional" means is the subject of *Network Signatures, Inc. v. State Farm Mutual Auto Insurance Co.*, 108 USPQ 2d 1321 (Fed. Cir. 2013). There, a patent attorney for the Naval Research Laboratory purposefully let a patent go abandoned because there was no commercial interest in it. Later, he learned someone had been trying to get a hold of the NRL to license the patent. The attorney revived the patent saying the abandonment was unintentional and the patent was then licensed.

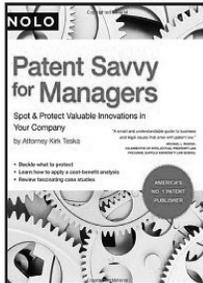
Later the patent licensee sued State Farm which argued the patent was unenforceable because the NRL attorney engaged in "inequitable conduct" by falsely representing that the NRL's non-payment of the maintenance fee was unintentional. The Court of Appeals for the Federal Circuit decided there was no inequitable conduct and the patent was held to be enforceable.

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Iandiorio Teska & Coleman, LLP
255 Bear Hill Road
Waltham, MA 02451