

MASSACHUSETTS LAWYERS WEEKLY

Top 10 intellectual property cases of 2016

By: Kirk Teska ◉ December 22, 2016



Having trouble keeping abreast of the latest developments in the world of intellectual property? No worries. As is customary, here is a list of the top 10 IP cases of 2016:

1. On-sale patent bar clarified

By now, most everyone knows if you sell (or even offer to sell) a product, then a U.S. patent application has to be filed within one year. Otherwise, any resulting patent for the product is invalid.

That's the on-sale patent bar.

What happens, though, when the sale is to the patentee? In one case, a pharmaceutical company contracted with a lab to manufacture an anti-coagulant drug delivered by the lab to the company more than one year before the patent applications for the drug were filed. A panel of the Federal Circuit held the patents were invalid as violating the on-sale bar.

In July, however, the court en banc corrected that decision and held that so long as title to the patented product does not pass from the patentee to the manufacturer, there is no sale under the on-sale bar. *The Medicines Company v. Hospira, Inc.*

2. Treble damages in patent cases

If a patent owner wins a patent infringement case, the District Court may, by statute, award treble damages.

The Federal Circuit in recent years has made it harder for patent owners to win treble damages. In June, the U.S. Supreme Court lowered the standards set by Federal Circuit precedent and by all accounts eased the way to a recovery of treble damages in some patent cases. *Halo Electronics, Inc. v. Pulse Electronics, Inc.*

District Court judges now have substantial discretion regarding an award of treble damages based on "egregious infringement behavior" proved by a preponderance of the evidence.

3. Attorneys' fees in copyright cases

In copyright cases, a District Court may award attorneys' fees to the prevailing party (which could be the plaintiff or the defendant).

The Supreme Court in 2016 clarified that the reasonableness of the losing party's position is the key in determining whether to award attorneys' fees to the prevailing party. *Kirtsaeng v. John Wiley & Sons*

This opinion could guide the award of attorneys' fees in patent infringement cases, but note that the patent statute requires the case to be "exceptional" before awarding counsel fees.

4. IPR deference

An "Inter Parties Review" is a procedure in which an issued patent can be challenged at the Patent Office.

In June, the Supreme Court upheld a Federal Circuit decision finding that the Patent Office's decision whether or not to institute an IPR for any given patent is final and non-appealable per the patent statute, thus strengthening the IPR process. *Cuozzo Speed Technologies, LLC v. Lee*

5. Software patents not quite dead yet

The 2014 Supreme Court case of *Alice Corp. v. CLS*, by most accounts, made it impossible to sustain business method patents and more difficult to procure patents for computer software.

In three Federal Circuit cases in 2016, however, a patent for an internet filtering system, a patent covering animation technology, and a patent for self-referential database software were upheld by the Federal Circuit following a few other pro-computer patent cases decided since *Alice*.

The Supreme Court has denied cert in most software patent eligibility cases, so it will be up to the Federal Circuit to further refine what is and what is not patentable in the computer and internet industries. Currently, there is a sharp split in opinion as between the individual justices.

6. Functional claiming

But software patents are taking it on the chin in another way: functional claiming, i.e., patents that recite what something does as opposed to what is. Functional claiming is appealing because, in general, functional claims offer broader protection.

But functional claiming is under attack by some commentators who are opposed to software patents, alleging they are too broad or encompassing when functional claiming is used.

The Federal Circuit in 2016 issued *Williamson v. Citrix Online, LLC*, a decision that may adversely impact patents in which functional claiming was employed. Also, the Patent Office, in some cases, is subjecting software patent claims to a special provision of the patent statute that reigns in the scope of the resulting patent.

Based on a few other cases, it appears pretty clear that merely using a computer or the internet to automate prior manual practices is not patentable.

7. Apple again

The *Apple v. Samsung* litigation continues on. For the utility patent case, three Apple patents (including the "slide to unlock" patent) have now been upheld by an en banc Federal Circuit. Here's a chart to help you understand the outcome of this \$120 million case:

	Apple Linking Feature Patent	Apple Slide to Unlock Patent	Apple Auto Correct Patent
District Court	Infringed, valid	Infringed, valid	Infringed valid
Federal Circuit Panel	Not infringed	Invalid	Not infringed, invalid
en banc Court	Infringed	Valid	Valid, infringed

In the design patent case, the Supreme Court held on Dec. 6 that the damages recoverable might not be based on the profits of the infringer's product actually sold to consumers.

Design patents have one great attribute: The infringer is liable to the patent owner to the extent of the infringer's total profits. 35 USC §289. When the patented design is for a single component product, it's fairly straight forward

to calculate the appropriate damages. But when the patented design is for a multi-component product (such as an iPhone), things can get a little tricky.

Apple's design patents were for the cell phone case, screen and icons displayed on the screen. The Federal Circuit held that since those components weren't sold separately by Samsung to consumers, Samsung was liable to Apple for Samsung's entire profits (\$400 million) made from its sales of the infringing smart phones.

The Supreme Court reversed and held that, in some cases, the proper measure of damages in design patent cases is based on the infringer's total profit from a component of the end product sold to consumers. *Apple v. Samsung*, 590 US __ (2016) Slip Opinion No. 15-777

8. Conflict of interest

The Supreme Judicial Court typically is not a player in the top 10 IP cases in any given year. Except this year.

In a closely watched case, the facts were as follows: Client No. 1 hired the Boston branch of an IP law firm to procure four patents in the field of eyeglasses. Turns out the Washington office of the same IP law firm worked for client No. 2 procuring patents in the exact same field.

When client No. 1 learned about client No. 2, client No. 1 sued for malpractice. Because the complaint included mostly conclusory and/or speculative allegations, its dismissal was affirmed.

Still, the opinion is a must-read for patent attorneys, especially at large multi-city firms where conflict checks can be difficult. *Maling v. Finnegan, Henderson, Farabow, Garrett & Dunner, LLP*

9. Supreme Court watch

The Supreme Court has taken on four IP cases this term including:

- *SCA Hygiene v. First Quality Baby Products*—whether laches apply in patent cases.
- *Life Tech v. Promega*— extraterritorial application of U.S. patent law when a critical component of an invention is exported from the U.S.
- *In re Tam*— whether the trademark law prohibition against registering disparaging marks violates the First Amendment. The mark in question is "The Slants" for a rock band. The mark was rejected by the Trademark Office and an en banc Federal Circuit reversed. The decision could also affect the Washington Redskin case.
- Several other interesting petitions for certiorari are pending, including the constitutionality of the IPR process.

10. IPR again

If a defendant in a patent litigation case petitions for an IPR in order to invalidate the patent in question, the defendant is barred in court from later raising any ground of patent invalidity raised during the IPR.

In *Shaw Industries Group Inc. v. Automated Creel Systems, Inc.*, the Federal Circuit held there is no bar for issues raised in the IPR but not actually decided by the Patent Office. Expect even more defendants to avail themselves of the IPR process.

Kirk Teska is managing partner of Iandiorio, Teska & Coleman in Waltham, an adjunct professor at Suffolk University Law School, and the author of "Patent Savvy for Managers" (NOLO) and "Patent Project Management" (ASME Press).

Issue: DEC. 26 2016 ISSUE

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10 Milk Street, Suite 1000,

Boston, MA 02108

(800) 451-9998

