



IP: 2013 patent hot topics

A GUIDE TO SIX IMPORTANT PENDING PATENT LAW CASES

Following some recent decisions by the Supreme Court and the Federal Circuit, a number of pending cases are worth watching for their potential impact on governing patent law.

1. Joint infringement—*Limelight Networks Inc. v. Akamai Technologies Inc.*

On June 24, the Supreme Court asked the Solicitor General to file a brief expressing the views of the U.S. with respect to this joint infringement patent case addressing the appropriate standard for patent liability where more than one party performs steps of a patent claim. Prior to the Federal Circuit's *en banc* decision in this case in 2012, proving indirect infringement required that some party had to perform all acts necessary to infringe the patent claim. (See *BMC Resources, Inc. v. Paymentech, L.P.* or *Muniauction, Inc. v. Thomson Corp.*) The Federal Circuit's

decision clarified that, while all steps of a patent claim must be performed to find induced patent infringement, it is not necessary to prove that a single entity performed all of the steps. Akamai filed a petition for *cert* to the Supreme Court and the court's request for input from the Solicitor General may indicate that it has some interest in considering the issue.

2. Appellate standard of review—*Lightning Ballast Control LLC v. Philips Elecs. North Am. Corp.*

The Federal Circuit issued an order on March 15 vacating its non-precedential opinion in this case and granted a petition for rehearing *en banc* to consider whether the Federal Circuit should overrule *Cybor Corp. v. FAS Technologies Inc.* In particular, the Federal Circuit seeks to consider whether it should defer to any aspect of a district court's

claim construction, rather than deciding claim construction *de novo*. In general, deference to the district court's claim construction is considered to provide more certainty and fewer remands resulting in lower expense to parties, but many feel that there is an advantage to relying on the specialized patent knowledge of the Federal Circuit as the ultimate decider of claim construction. Oral argument before the Federal Circuit is scheduled for Sept. 13.

3. Business method patent challenges—*Versata Development Group Inc. v. Rea*

The recently created Patent Trial and Appeal Board (PTAB) issued its first final decision in a patent challenged in a post-grant proceeding brought under Section 18 of the Leahy-Smith America Invents Act (AIA). Section 18 provides parties the opportunity to challenge the patentability of business method

patents that claim a method for performing data processing used in the practice, administration or management of a financial product or service. The section specifically excludes patents for technological inventions (without defining a technological invention). In its decision, the PTAB found the challenged claims of a patent owned by Versata Development Group, Inc. to be not patentable as an abstract idea under 35 U.S.C. § 101. Even before the board issued its decision, however, Versata filed suit in district court challenging the PTAB's authority to examine the patentability of its claims, since Versata contends that its patent claims do not fall within the category of business method patents subject to Section 18 of the AIA. While the case was originally filed against the acting director of the U.S. Patent and Trademark Office (USPTO), the district court recently granted a motion to intervene in the case filed by SAP America, Inc., the party that filed the post-grant proceeding before the PTAB. The resolution of the district court case and subsequent PTAB decisions are likely to provide some guidance about the scope of Section 18 and the claims that may be challenged under its statutory authority.

4. Injunctive relief for standard essential patents

Many industries adopt technical

standards to promote uniformity in product design or processes and allow manufacturers to use accepted programming interfaces, computer hardware requirements or shared communication protocols. Where members of the organizations that participate in setting the standards own patents that may cover the adopted protocols or products, those members are frequently required to agree to accept terms set by the organization for how they can enforce their patents.

One frequent requirement is that the patent owner must agree to license any such Standard Essential Patents (SEP) on Fair Reasonable and Non-Discriminatory (FRAND) terms. Recently, the International Trade Commission and district courts have been addressing whether or not owners of SEPs are entitled to injunctive relief when they are unable to agree to FRAND terms with a potential licensee accused of infringing the patent. The U.S. Department of Justice Antitrust Division and the USPTO have recently taken the position that the ITC and courts should not grant injunctive relief to (see "Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments").

Those taking this position often argue that by agreeing to accept FRAND terms, the patentee

has acknowledged that money damages are sufficient relief for infringement and that allowing injunctive relief would undercut the purpose of the agreement to license under FRAND terms by allowing the patent owner to coerce larger patent royalties by threatening an injunction. Those taking the view that injunctive relief is appropriate argue that patent owners did not give up all patent remedies by agreeing to the standards organization's terms and that removing the option for injunctive relief devalues SEPs. Several district courts have concluded that injunctive relief is inappropriate where the patent is an SEP subject to FRAND terms. (See *Microsoft v. Motorola*, or *Apple, Inc. v. Motorola Mobility Inc.*).

So far, at least Judge Posner's decision in *Apple v. Motorola Mobility* is currently on appeal to the Federal Circuit. Meanwhile, the ITC [granted an exclusion order](#) barring importation of older model Apple products for infringing a Samsung SEP. It will be interesting to see the Federal Circuit weigh in on this topic.

5. Inequitable conduct standard—*Sony Computer v. 1st Media LLC*

While the standard for proving inequitable conduct seems to be rather settled after the Federal Circuit's 2011 *en banc* decision in *Therasense, Inc. v. Becton*,

Dickinson and Company, the Supreme Court may weigh in on the test for inequitable conduct in *Sony Computer v. 1st Media LLC*. Here, the issue presented by the accused infringer is whether the Federal Circuit's test for inequitable conduct is too rigid. As with the *Akamai* case, the Supreme Court requested that the Solicitor General weigh in, possibly indicating its interest in taking the case.

Disclaimer: The information contained in this article is for informational purposes only and is not legal advice or a substitute for obtaining legal advice from an attorney. Views expressed are those of the author and are not to be attributed to Marshall, Gerstein & Borun LLP or any of its former, present or future clients.

Julianne M. Hartzell is a litigation partner at Marshall, Gerstein & Borun LLP. She has litigated patent, trademark, copyright, and trade secret matters in federal courts throughout the U.S. and before the Trademark Trial and Appeal Board. She has acted as first chair trial attorney at jury trial and, has argued before the Federal Circuit Court of Appeal. Ms. Hartzell may be reached at (312)-474-6625 or jhartzell@marshallip.com.

Counsel Commentary is a column published by InsideCounsel.com. Updated daily, it features commentary on and analysis of legal issue affecting in-house counsel. Written by senior level law firm lawyers, the columns cover various fields of law including labor & employment, IP, litigation and technology.