



Greenblum & Bernstein, P.L.C. LITIGATION NEWSLETTER

Recent Litigation News in Intellectual Property

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Federal Circuit Grants Petition for Writ of Mandamus

In *IN RE ACER AMERICA ET AL.*, the Federal Circuit granted a petition for a writ of mandamus, directing the Eastern District of Texas to vacate orders denying petitioners' motion to transfer venue, resulting in a transfer to the Northern District of California.

The Plaintiff in the case, MedioStream, a company headquartered in the Northern District of California, brought suit in the Eastern District of Texas against twelve hardware and software companies, five of which were also headquartered in the Northern District of California. The petitioners moved to transfer venue to the Northern District of California, arguing that trial in the Northern District of California would be convenient for several of the parties and witnesses. The district court denied the motion, based largely on the presence of one petitioner, Dell, Inc., which was headquartered in Round Rock, Texas; a town outside the Eastern District and some 300 miles from Marshall, Texas, where the litigation was pending.

The Federal Circuit held that the district court should have granted the transfer motion, as all of the U.S.-based companies except for Dell were headquartered in California, including six companies actually located within the Northern District of California. No party was headquartered in the Eastern District of Texas.

The Federal Circuit noted that the combination of multiple parties being headquartered in or near the transferee venue and no party or witness in the plaintiff's chosen forum was an important consideration. The Federal Circuit also noted that a substantial number of party witnesses, in addition to the inventor and prosecuting attorneys, resided in or close to the Northern District of California, that a significant portion of the evidence was located within the Northern District of California, and that the Northern District of California had a localized interest in the matter.

Federal Circuit Overrules District Court, Ruling that Four Western Union Patents Are Invalid

In *WESTERN UNION v. MONEYGRAM*, defendant Moneygram appealed from a final judgment of the Western District of Texas holding that four of Plaintiff Moneygram's patents were infringed and non-obvious. The Federal Circuit found that the asserted claims of the patents-in-suit were obvious, however, and reversed the District Court's ruling.

Three of the patents-in-suit related to methods of sending money through a financial services institution, while the other patent claimed methods for receiving transferred money. In general, the patents were all directed toward a money transfer system where a customer could

identify a recipient and tender an amount to be delivered to the recipient. The money transfer system was based on an electronic transaction fulfillment device, which allowed users to utilize a keypad as part of the money transfer.

The Federal Circuit held that in light of a prior art system, which involved use of a fax machine for the same type of transactions, that Western Union's asserted claims would have been obvious as a matter of law.

Federal Circuit Expands "Control or Direct" Rule

In *AKAMAI v. LIMELIGHT*, the Federal Circuit expanded on the "control or direct" rule from the 2007 *BMC Resources* case. In *Akamai*, the Federal Circuit went one step further in limiting the ability of patent holders to make claims of joint infringement. In a patent case, joint infringement issues typically arise when a patent contains method claims that contain elements that are not all performed by the same party. In the *Akamai* case, Akamai's '703 patent, directed to storing web page content, had claims where a majority of the elements were performed by Limelight, and a few elements were performed by Limelight's customers. At trial, Akamai argued to the jury that Limelight controlled the activities of its customers and thus there was joint liability. The jury agreed and awarded \$40 million in damages. The judge set aside the jury verdict as incompatible with the law and against the weight of the evidence and entered judgment of non-infringement.

On appeal, the Federal Circuit affirmed the district court's ruling stating that according to Federal Circuit law, joint infringement can only exist "when there is an agency relationship between the parties who perform the method steps or when one party is contractually obligated to the other to perform the steps." The Court rejected Akamai's arguments that either of these requirements was met by Limelight and its customers.

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