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In This Issue

- Federal Circuit Dismisses Case for Lack of Personal Jurisdiction
- *En Banc* Federal Circuit Hands Down New Guidelines on Contempt Proceedings
- Summary Judgment Affirmed Where No Single Entity Had Control for Method Claims

Federal Circuit Dismisses Case for Lack of Personal Jurisdiction

Continuing in its recent line of precedential cases on jurisdiction, the Court of Appeals for the Federal Circuit upheld a district court ruling dismissing a declaratory judgment action for lack of personal jurisdiction. In *Radio Systems, Inc. v. Accession, Inc.*, Radio Systems sued Accession in Tennessee for a declaration that it did not infringe the Accession patent, and that the patent was invalid.

Between 2006 and 2007, Accession attempted to have Radio Systems aid in commercializing its products in Knoxville, Tennessee. After a period where the parties exchanged correspondence, Radio Systems declined the offer, and subsequently in 2009, Accession sent Radio Systems a cease-and-desist letter, demanding that it stop making its products that infringed an Accession patent.

After suit was filed, Accession moved to dismiss, claiming that the cease and desist letter alone, along with its licensing contacts with Radio Systems in Tennessee was not enough to confer personal jurisdiction. The Federal Circuit agreed, stating that the only activities relating to the enforcement of Accession's patent consisted of Accession's counsel's cease-and-desist correspondence with Radio Systems in 2009. Only enforcement "or defense efforts related to the patent rather than the patentee's own commercialization efforts are to be considered for establishing specific personal jurisdiction in a declaratory judgment action against the patentee." Accession's efforts to commercialize its products with Radio Systems did not confer jurisdiction on the Tennessee court.

En Banc Federal Circuit Hands Down New Rules for Post Injunction Contempt Cases

The Federal Circuit recently handed down new rules to follow in contempt proceedings where the enjoined infringer has modified and sold its enjoined product. In *Tivo v. Echostar*, a jury at the district court found Echostar liable for infringing Tivo's patents. The district court issued a permanent injunction. Subsequently, Echostar modified its products and then continued to sell them. Instead of filing another action for patent infringement, Tivo filed a contempt action in the district court-which held that the new Echostar products were not colorably different from those which had been enjoined. Therefore, the sale of the modified products violated the permanent injunction, and Echostar was held to be in contempt.

In an *en banc* decision, the Federal Circuit reversed the district court for failing to consider whether the new modified product actually infringed the claims of the patent. In explaining this outcome, the Federal Circuit delineated new rules that a district court must follow in a contempt

proceeding in a patent case. A good faith effort to modify a product to avoid infringement will not avoid a contempt proceeding. The Federal Circuit overruled previous cases on contempt, claiming that framework unworkable. Instead, the district courts will have broad discretion in determining whether to actually hold a contempt proceeding. The Federal Circuit also studied the "colorably different" standard in determining whether the new modified product was different from the product that was enjoined. In making this determination, Judge Lourie, writing for the majority, directed the district court to focus on the basis for the finding of prior infringement, and whether the difference between the old and modified elements are significant.

Interestingly, the Federal Circuit reversed the district court on what many would expect to be the most obvious step in determining contempt-whether the new product itself infringed the asserted claims. Additionally, the district court is bound by its *Markman* ruling in making this determination.

Summary Judgment of Non-Infringement Affirmed Where No Single Entity Performed All Steps of Method Claim

In *McKesson v. Epic Systems*, the Federal Circuit affirmed the district court's finding of non-infringement because no single entity performed all the steps of the asserted method claims.

The asserted claims required that doctors (or other healthcare providers) communicate in a certain manner with patients. After the district court entered its claim construction order, Epic moved for summary judgment of non-infringement arguing that under the precedent set forth in *Akamai v. Limelight*, the doctors did not have control or direction over the patients according to the method claims. Two or more parties can combine to infringe a method claim only if one party exercises control or direction over the entire process such that every step is attributable to the controlling party.

The Federal Circuit did not agree with McKesson that the doctor-patient relationship was one of agency or contained an element of control.

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