



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

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Federal Circuit Reverses Finding Of Indefiniteness

In *Chicago Board Options Exchange, Inc. v. Int'l Securities Exchange, LLC* (Appeal No. 2013-1326), the Federal Circuit reversed a district court's finding of indefiniteness.

The patent-in-suit generally discloses an "automated exchange" for trading financial instruments. In 2011, CBOE moved for summary judgment that, it lacked an "automated exchange." The district court denied the motion. On appeal, the Federal Circuit construed the term "automated exchange" to mean "a system for executing trades of financial instruments that is fully computerized, such that it does not include matching or allocating through the use of open-outcry." The Federal Circuit also construed "matching" as "identifying a counterpart order or quotation for an incoming order or quotation" and that "matching" and "allocating" are distinct processes. The case was then remanded for further proceedings.

On remand, the district court found that claim 2, a computer implemented means-plus-function claim, was indefinite because the specification failed to disclose an algorithm for performing the recited function. Claim 2 included a limitation to "a means for matching" orders "on a pro rata basis." The district court found the claim indefinite because the specification failed to disclose "a step-by-step algorithm for performing the claimed function."

On appeal, the Federal Circuit found claim 2 to be not indefinite because the specification discloses an algorithm for matching the remaining orders on a pro rata basis. Specifically, the Federal Circuit held that "matching" itself is not indefinite, having been construed by this court as "identifying a counterpart order or quotation for an incoming order or quotation." The Federal Circuit further held that the specification explains that orders are matched in proportion to the size of the order requested by the professional, and that, if the order sizes are equal for two professionals, the professional who placed the first order, gets matched first. Thus, the Court reasoned that a person of ordinary skill in the art would understand the algorithmic structure for performing the claimed function.

Thus, the Federal Circuit held that the district court erred in finding that there was clear and convincing evidence that the specification did not disclose sufficient structure such that a person of ordinary skill in the art would know how to match on a

pro rata basis. Accordingly, the Federal Circuit reversed the district court's decision that claim 2 was indefinite.

Federal Circuit Vacates District Court's Denial Of Preliminary Injunction

In *Trebro Mfg., Inc. v. FireFly Equipment*, (Appeal No. 2013-1437), the Federal Circuit vacated a district court's denial of a preliminary injunction against FireFly. The patent covered sod-harvesting vehicles. Although Trebro was not practicing the patent, the parties were competitors selling competing products. Trebro argued it would lose market share, customers, and ultimately employees through lay-offs if FireFly continued to sell the allegedly infringing product.

The district court found no substantial likelihood of success on the merits for failing to meet a claim limitation, and also found a substantial question as to validity, stating that "[t]here is a controversy that the feature of raising the horizontal conveyor towards the sod carrier was not a novel or non-obvious feature." The district court stated that "[t]his feature was known in the sod harvesting industry, and was also known by the inventors and assignee."

The district court found no irreparable harm, dismissing Trebro's evidence as speculative and that the theoretical losses could be compensated monetarily.

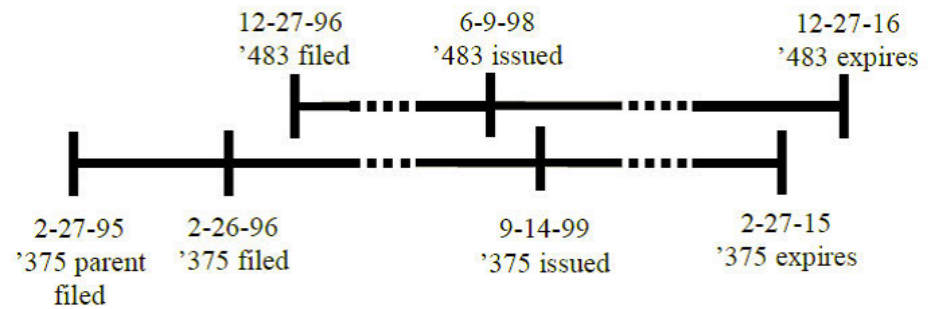
On appeal, The Federal Circuit held the evidence showed that an infringing product would inflict "a real non-speculative harm on Trebro." FireFly was a new entrant and Trebro's only direct competitor. Although Trebro could estimate price, profit, and yearly sales for harvesters, that did not automatically mean money damages were adequate. The record indicated Trebro would be unlikely to recover a loss of market share and customers. Thus, the Federal Circuit held "the district court abused its discretion in denying the preliminary injunction based on a record that strongly suggests both a likelihood of success on the merits and a likelihood of irreparable harm." The case was then vacated and remanded.

Federal Circuit Vacates Decision That Patent Was Not Invalid For Obviousness-Type Double Patenting

In *Gilead Sciences, Inc. v. Natco Pharma Ltd.* (Appeal No. 2013-1418), the Federal Circuit vacated a district court decision that Gilead's '483 patent was not invalid. Natco argued the '483 patent was invalid for obviousness-type double patenting over Gilead's '375 patent. The two patents listed the same inventors and included a similar written description, but claimed different priority dates. The district court held that the '375 patent could not serve as a double patenting reference because it issued after the '483 patent.

On appeal, the Federal Circuit stated that following diagram

illustrates the relevant dates for each patent, and how, because of different priority dates, the two patents have different expiration dates:



The Federal Circuit held that a patent that issues after but expires before another patent can qualify as a double patenting reference for that other patent. Thus, the district court erred in excluding the '375 patent as a potential double patenting reference for the '483 patent and the case was vacated and remanded for further proceedings.

Federal Circuit Reverses Summary Judgment Of No Damages And Affirms Denial Of An Injunction For Infringement Of An SEP

In *Apple Inc. v. Motorola, Inc.* (Appeal Nos. 2012-1548), the Federal Circuit reversed in part and affirmed in part the district court's claim construction.

The district court granted summary judgment of non-infringement with respect to certain claims and excluded the vast majority of both parties' damages expert evidence for the remaining claims. With little expert evidence deemed admissible, the court granted summary judgment that neither side was entitled to any damages or an injunction. Despite infringement being assumed, the district court dismissed all claims with prejudice before trial.

On appeal, the Federal Circuit reversed the district court's grant of summary judgment of no damages for infringement of Apple's patents, vacated the district court's grant of summary judgment regarding Apple's request for an injunction, and affirmed the district court's ruling that Motorola is not entitled to an injunction for infringement of the FRAND-committed '898 patent.

Regarding Apple's and Motorola's experts' testimony, the district court erroneously "questioned the factual underpinnings and correctness" rather than the reliability of principles and methods and the sufficiency of facts. Under Daubert and the Rules of Evidence, a district court should exclude expert testimony only when based on "unreliable principles or methods, or legally insufficient facts and data." It was the duty of the jury, not the judge, "to weigh facts, evaluate the correctness of conclusions, impose its own preferred methodology, or judge credibility."

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Regarding the district court's ruling that Motorola is not entitled to an injunction, the Federal Circuit noted that to the extent that the district court applied a *per se* rule that injunctions are unavailable for SEPs, it erred. The Federal Circuit stated that a patentee subject to FRAND commitments may have difficulty establishing irreparable harm, but an injunction may be justified where an infringer unilaterally refuses a FRAND royalty or unreasonably delays negotiations to the same effect. "To be clear, this does not mean that an alleged infringer's refusal to accept any license offer necessarily justifies issuing an injunction."

The Federal Circuit then held that the district court correctly found that Motorola is not entitled to an injunction for infringement of the '898 patent. Motorola's FRAND commitments, which have yielded many license agreements encompassing the '898 patent, strongly suggest that money damages are adequate to fully compensate Motorola for any infringement. Similarly, Motorola has not demonstrated that Apple's infringement has caused it irreparable harm. Considering the large number of industry participants that are already using the system claimed in the '898 patent, including competitors, Motorola has not provided any evidence that adding one more user would create such harm. Again, Motorola has agreed to add as many market participants as are willing to pay a FRAND royalty. Accordingly, the Federal Circuit affirmed the district court's grant of summary judgment that Motorola is not entitled to an injunction for infringement of the '898 patent.

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