



Greenblum & Bernstein, P.L.C.

LITIGATION NEWSLETTER

Recent Litigation News in Intellectual Property

October 2014

In This Issue

- **Federal Circuit Affirms District Court Holding Of Invalidity Under 35 U.S.C. § 101**
- **Federal Circuit Affirms Summary Judgment Of Laches But Reverses Summary Judgment Of Equitable Estoppel**
- **Federal Circuit Affirms Finding Of Inequitable Conduct**
- **Federal Circuit Affirms Summary Judgment Of Noninfringement**

Federal Circuit Affirms District Court Holding Of Invalidity Under 35 U.S.C. § 101

In *buySAFE, Inc. v. Google, Inc.* (Appeal No. 2013-1575), the Federal Circuit affirmed the district court's judgment that buySAFE's patent was invalid because it covered a basic concept of providing secure online sales transactions.

In 2011, buySafe sued Google for infringement of U.S. Patent No. 7,644,019. Google moved for judgment on the pleadings, arguing that the asserted claims were invalid under 35 U.S.C. §101. Following the Supreme Court's ruling in *AliceCorp. v. CLS Bank International* (2014), the Federal Circuit noted that laws of nature, natural phenomena, and abstract ideas, no matter how "groundbreaking, innovative or even brilliant" are not patentable because they are not a new and useful process, machine, manufacture or composition of matter. The district court had held that the asserted claims were patent ineligible under 35 U.S.C. §101 because they were directed to a "well-known and widely understood concept" applied using "conventional computer technology" without requiring "specific programming or any particular machine".

Following the approach in *Alice Corp.*, it was, according to the Federal Circuit, "a straightforward matter" to find the claims invalid. The claims were directed to the abstract idea of "creating a contractual relationship" and the invocation of computers added no "inventive concept." In sum, the Federal Circuit held that method and machine-readable media claims encoded to perform steps for guaranteeing a party's performance of its online transaction were not patentable subject matter.

Federal Circuit Affirms Summary Judgment Of Laches But Reverses Summary Judgment Of Equitable Estoppel

In *SCA Hygiene Products Aktiebolag v. First Quality Baby Prods., LLC* (Appeal No. 2013-1564), the Federal Circuit affirmed-in-part, reversed-in-part and remanded the district court's summary judgment that SCA's infringement claims were barred by laches and equitable estoppel.

SCA's patent covers adult incontinence products. On October 31, 2003, SCA sent First Quality a letter suggesting that certain First Quality products might infringe SCA's patent. The two parties exchanged letters for eight months, and on July 7, 2004, SCA requested ex parte reexamination request of the patent. SCA did not notify First Quality about the reexamination proceeding. On March 27, 2007, the USPTO confirmed the patentability of all of the original claims and issued several new claims

added during reexamination. SCA immediately began preparing to sue First Quality but did not file suit until August 2, 2010.

First Quality counterclaimed for declaratory judgment of noninfringement and invalidity. After the district court's claim construction order, First Quality moved for partial summary judgment of noninfringement and for summary judgment of laches and equitable estoppel. The district court granted First Quality's motion for summary judgment as to laches and equitable estoppel. SCA appealed.

The Federal Circuit reiterated that laches is an equitable defense to patent infringement that may arise when an accused infringer proves by a preponderance of evidence that a patentee (1) unreasonably and inexcusably delayed filing an infringement suit (2) to the material prejudice of the accused infringer. Delays exceeding six years give rise to a presumption that the delay is unreasonable, inexcusable and prejudicial. This presumption disappears if the patentee can present evidence sufficient for a reasonable jury to conclude that the delay was excusable or was not materially prejudicial.

SCA argued that the reexamination proceedings precluded application of the laches presumptions because the reexamination period should be excluded from the total delay. The district court rejected that theory.

On appeal, the Federal Circuit held that because SCA filed suit more than six years after first learning of First Quality's allegedly infringing activities, the laches presumptions applied, and the district court properly concluded that SCA's more than six-year delay in filing suit warranted dismissal based on laches. However, in view of SCA and First Quality's limited interactions over the same time period, the Federal Circuit held that there remained genuine issues of material fact pertaining to equitable estoppel. The Federal Circuit therefore reversed the district court's ruling that SCA's conduct created estoppel, since there was no affirmative act, or failure to act, that First Quality could reasonably have relied upon. Silence alone will not create an estoppel.

Federal Circuit Affirms Finding Of Inequitable Conduct

In *Am. Calcar, Inc. v. Am. Honda Motor Co.*, (Appeal No. 2013-1061), the Federal Circuit affirmed the district court's finding of inequitable conduct. Honda had moved for a finding of inequitable conduct. Honda's motion was based on the actions of one of the three coinventors, Mr. Obradovich, who was the person primarily responsible for preparing the patent application.

In 1996, Honda added a navigation system as an option for the Acura RL. At the time, Calcar was publishing "Quick Tips" guides: booklets with condensed information from a car's owner's manual. During the course of developing a QuickTips guide for the 96RL, Mr. Obradovich drove the car and operated the navigation system, and Calcar personnel took photographs of the navigation system and owner's manual. Subsequently, Mr. Obradovich began working on the parent application that ultimately issued as the '355 patent. The application explicitly referred to the 96RL system as prior art, and Mr. Obradovich acknowledged that the system was used as the basis of Calcar's inventions.

Honda alleged that Mr. Obradovich knew that the owner's manual and photographs were in Calcar's possession and deliberately withheld them

during prosecution. Honda argued that the operational details that he did not disclose were precisely those that were the claimed in the patents at issue.

After a trial, the jury found one of the patents invalid and the other two patents not invalid. Subsequently, the district court held all three patents unenforceable and Calcar appealed.

While the appeal was pending, the Federal Circuit had established a revised and narrower test for inequitable conduct in *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011) (en banc). In light of *Therasense*, the Federal Circuit remanded the case to the district court to determine whether the patents would have been granted "but for" the information that the applicant did not disclose, following the test for materiality set forth in *Therasense*.

On remand, the district court again found that the three patents were obtained through inequitable conduct. The district court found that "but for" the information about the prior art withheld by Mr. Obradovich, the PTO would not have granted two of the patents. It made further findings as to all three patents regarding Mr. Obradovich's specific intent to deceive the PTO, concluding that the only reasonable inferences from the evidence were that Mr. Obradovich knew that the prior art was material to his invention and that he made a deliberate decision to withhold material information. The district court also found that evidence of Mr. Obradovich's good faith did not overcome this other evidence, nor did it create a reasonable inference that Mr. Obradovich may have been merely negligent or grossly negligent.

The Federal Circuit held that the district court did not clearly err in its underlying factual findings of materiality and intent. The Federal Circuit held further that the district court's analysis was fully consistent with the standards and tests set forth in *Therasense*, and therefore, did not abuse its discretion in determining that the patents were unenforceable due to inequitable conduct.

Judge Newman dissented.

Federal Circuit Affirms Summary Judgment Of Noninfringement

In *EMD Millipore Corp. v. AllPure Technologies, Inc.* (Appeal No. 2014-1140), the Federal Circuit affirmed the district court's summary judgment of noninfringement.

Millipore's patent claimed a device for withdrawing or introducing a sample into a container of fluid without contaminating the fluid and included "at least one removable, replaceable transfer member." The district court found that AllPure's TAKEONE device lacked the claimed "at least one removable, replaceable transfer member" both literally and under the doctrine of equivalents.

The district court found that during prosecution of the patent, the applicant amended claim 1's language, adding, inter alia, the requirement that the transfer member's seal have "a first end comprised of a bellows-shaped part sealingly attached to said holder, and a second end comprising a self-sealing membrane portion interiorly formed at an end of said bellows part." The applicant stated that the purpose of the amendment was to make claim 1 "allowable and distinguishable over the cited references."

On appeal, the Federal Circuit held that there was no genuine issue of material fact relating to whether the TAKEONE device literally contains "at least one removable, replaceable transfer member," and that the district court properly found no literal infringement.

The Federal Circuit held further that the district court should have barred Millipore from asserting that the TAKEONE device contains an equivalent transfer member due to prosecution history estoppel. Specifically, the applicant had added the requirement that the seal have a first and second end with distinct elements, and the amendment narrowed the seal limitation, which in turn narrowed the transfer member limitation, giving rise to prosecution history estoppel. Thus, the Federal Circuit also affirmed that there could be no infringement under the doctrine of equivalents.

Contact Us:

www.gbpatent.com

gbpatent@gbpatent.com

703-716-1191 (phone)

703-716-1180 (fax)

The GREENBLUM & BERNSTEIN NEWSLETTER is issued by GREENBLUM & BERNSTEIN, P.L.C., an intellectual property firm, to provide timely news in the field of intellectual property. The NEWSLETTER provides updates on recent issues of general interest in this field. The views and/or opinions expressed herein do not necessarily reflect those of GREENBLUM & BERNSTEIN, P.L.C. Information regarding the contents of the Newsletter can be obtained by contacting Michael J. Fink at GREENBLUM & BERNSTEIN, P.L.C., 1950 Roland Clarke Place, Reston, VA 20191. Copyright © 2014 GREENBLUM & BERNSTEIN, P.L.C.

[Forward this email](#)

 SafeUnsubscribe™

This email was sent to mail@siks.jp by gbpatent@gbpatent.com | [Update Profile/Email Address](#) | Rapid removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).



Greenblum & Bernstein, P.L.C. | 1950 Roland Clarke Place | Reston | VA | 20191