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# IP Newsflash



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## DISTRICT COURT CASES

### **In the Eastern District of Texas the Trend of Successful Motions to Dismiss Willful Infringement Allegations Continues, While Similar Attacks on Direct Infringement Allegations Still Face Tough Hurdles**

Chief Judge Leonard Davis of the Eastern District of Texas granted-in-part and denied-in-part a defendant's Rule 12(b)(6) motion to dismiss plaintiff's direct and willful infringement allegations. The court turned first to the defendant's argument that the direct infringement allegations failed to provide the required fair notice of the claims against it. The defendant argued that inclusion of the language "including not [are] not limited to" a specific accused device made the allegations vague and overly broad. Citing *Twombly*, *Iqbal*, and Form 18, the court rejected this argument. Instead, the court reasoned, the plaintiff had identified at least one specific device and, given the nature of the patents, the allegations provided sufficient notice of the plaintiff's claims. To determine the nature of the patents, the court relied on and cited to the patents' abstracts. Similarly unavailing was the defendant's argument that the direct infringement claims should fail because the plaintiff failed to allege vicarious liability. In doing so, the defendant assumed that the claims required multiple actors; an assumption the court rejected. Instead, the court held that challenging allegations of direct infringement on multiple actor grounds was not appropriate at the pleading stage. Thus, the court denied defendant's motion to dismiss the direct infringement claims.

The plaintiff's willfulness claims met a different fate. In its complaint, the plaintiff stated "[t]o the extent that facts learned in discovery show that [the defendant's] infringement of the [Patents-in-suit] has been willful, [plaintiff] reserves the right to request such a finding at trial." Citing *Seagate*, the court noted that when a complaint is filed, the patentee must have a good faith basis for its willful infringement claims. Thus, a reservation of rights to assert willfulness if discovered does not meet the Rule 8(a) and 11(b) requirements for a good faith evidentiary basis. The court dismissed plaintiff's willful infringement claim without prejudice and counseled the plaintiff that if discovery yields evidence of willfulness, it may move to amend its allegations.

Author: [Steven Joseph Udick](#)

*Clear with Computers, LLC v. Coleman Co., Inc.*, No. 6:13-cv-171 (E.D. Tex. March 21, 2014) (Davis, C.J.)

## FEDERAL CIRCUIT CASES

### **The Federal Circuit Applies the Kessler Doctrine When Issue and Claim Preclusion do not Apply**

On Monday the Federal Circuit applied a little known patent doctrine called the *Kessler* doctrine. The doctrine stated that "when an alleged infringer prevails in demonstrating noninfringement, the specific accused device(s) acquires the 'status' of a noninfringing device vis-à-vis the asserted patent claims."

The court held that although the accused products in the first and second cases were essentially the same, claim preclusion did not apply because the plaintiff's allegations of infringement were directed to products created and acts of infringement occurring after the entry of a final judgment in the prior case. The court similarly found issue preclusion did not apply because, in the prior case, the asserted method claims were not pursued throughout the litigation. Therefore, because these method claims were not fully, fairly, and actually litigated to finality between these parties, issue preclusion did not apply.

The court turned to the *Kessler* doctrine and held that this doctrine precludes some claims that are not otherwise barred by claim preclusion or issue preclusion. The court held that, while the plaintiff ultimately abandoned the method claims prior to trial, they were originally asserted in the first case and plaintiff could have continued to assert those claims. Therefore, the *Kessler* doctrine applied to allow the accused infringer to continue engaging in the accused commercial activity as a noninfringer once they were adjudged to be non-infringing in the prior case.

Author: [Sarah Jean Ring](#)

*Brain Life LLC v. Elekta, Inc.*, No. 2013-1239 (Fed. Cir. March 24, 2014) [O'Malley (opinion); Bryson, Wallach]

## PATENT TRIAL AND APPEAL BOARD

### **Inconsistent Arguments in Petitions Triggers Denial of *Inter Partes* Review**

A PTAB panel has denied, in full, a petition for *inter partes* review (IPR) challenging the validity of claims covering the use of synthetic biomaterial compounds to assist bone growth. In its request for IPR, the petitioner argued that the challenged claims were not entitled to an earlier priority date because the earlier application fails to

support the claims with adequate written description. Specifically, the petitioner argued that during prosecution, the patent owner (owner) distinguished the claims by arguing that the earlier application did not teach “substitution” of the compounds with silicone, as required by each of the challenged claims. The Board rejected the petitioner’s arguments. First, the Board emphasized the inconsistency of the petitioner’s arguments here with their arguments made in another IPR petition which contended that the earlier international application anticipates the challenged claims. The Board failed to “see the logic of how [the earlier international application] could be an anticipatory reference disclosing each and every limitation in [the challenged claims] if the reference fails to disclose the substitution limitation.” Further, the Board gave little probative value to statements made by the owner during prosecution because the claims at issue during prosecution “were of materially broader scope than the claims now challenged, were rejected on a basis different than the grounds of unpatentability proffered by the Petitioners, and were amended during reissue proceedings.” After determining that certain references necessary to petitioner’s grounds of unpatentability were not prior art, the Board denied the petition in full.

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*Baxter Healthcare Corp. v. Millenium Biologix, LLC*, IPR2013-00591 (PTAB March 21, 2014) [Osinski (opinion), Kamholz, Murphy]

### **Patent Owner in IPR Proceeding Not Precluded From Seeking Claim Amendments in *Ex Parte* Reexam**

A PTAB panel has denied a petitioner’s motion seeking termination of an *ex parte* reexamination, which was requested by the patent owner to amend the claims at issue in the IPR proceeding. In its motion the petitioner argued that pursuit of the amendments in the *ex parte* reexamination would be inconsistent with Congress’ intent that IPR be an effective substitute for litigation. According to the petitioner, in passing the America Invents Act, Congress intended that the parties’ entire patentability dispute, including the patentability of substitute claims, be resolved in a single IPR. The petitioner further argued that permitting the patent owner to amend claims outside the IPR would result in inefficiency and possibly inconsistent analyses. In response, the patent owner argued that it would be greatly prejudiced if the *ex parte* reexamination were terminated given that the deadline for moving to amend claims in the IPR proceeding had already passed. Siding with the patent owner, the Board explained that the fact that the AIA permits amendment of claims does not, by itself, prohibit amendment by other means. The Board further noted that a patent owner’s right to amend the challenged claims in an *ex parte* reexamination is not unlimited. According to the Board, there are rules that preclude patent owners from taking action inconsistent with an adverse judgment in an IPR, including obtaining a claim that is not “patentability distinct” from a claim that is canceled in the IPR. As a result, the panel denied the petitioner’s motion to terminate the *ex parte* reexamination.

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*Game Show Network, LLC et al. v. J. Stephenson*, IPR2013-00289 (PTAB March 21, 2014) [Medley, Turner, Wood (opinion)]

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