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IP Newsflash



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FEDERAL CIRCUIT CASES

New Nautilus Indefiniteness Standard Justifies Submission of Expert Evidence at Markman Hearing

The court granted defendants' motion to supplement their claim construction briefing with an expert declaration following the Supreme Court's decision in *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120 (2014). The Court noted that it expected indefiniteness arguments to be "substantial" at the upcoming Markman, because several central terms of the patents-in-suit at issue were being challenged as indefinite. The Court concluded that the *Nautilus* decision impacts the Markman proceedings and thus the request to present expert evidence based on the new Nautilus standard was reasonable. "In weighing the tension between preventing delay and ensuring completeness based on new law, the Court will emphasize completeness and permit the parties to respond to Nautilus with briefing and with expert submissions, if they so choose."

Mycone Dental Supply Co., Inc. v. Creative Nail Design, Inc., et. al., 1-11-cv-04380 (NJD July 9, 2014, Order) (Simandle, J).

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DISTRICT COURT CASES

District Court Reconsiders and Grants Previously Denied Motion for Attorney's Fees Under *Octane Fitness*

On July 11, 2014, Judge Robert Lasnik of the Western District of Washington granted plaintiff's motion for reconsideration of the court's denial of its motion for attorney's fees in light of the Supreme Court's recent *Octane Fitness* decision. On April 16, 2014, the court denied plaintiff's motion for attorney's fees, applying the framework first announced by the Federal Circuit in *Brooks Furniture Mfg., Inc. v. Dutailier Intern., Inc.*, 393 F.3d 1378, 1382 (Fed. Cir. 2005). The district court stated that, under the "more restrictive framework" of *Brooks Furniture*, it found that plaintiff had failed to show, by clear and convincing evidence, that defendant acted in bad faith or that its claims were objectively baseless—a "high standard" set by the Federal Circuit.

Two weeks later, the Supreme Court issued its decision in *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, No. 12-1184, ___ U.S. ___, 134 S.Ct. 1749, 2014 WL 1672251 (April 29, 2014), in which it rejected the Federal Circuit's framework governing the award of attorney's fees under 35 U.S.C. § 285. Under the new *Octane Fitness* standard, the district court changed course and granted Plaintiff's motion for reconsideration. Specifically, the district court stated that "[u]nder the discretionary, flexible framework endorsed by the Supreme Court, the Court finds that this case is exceptional within the context of § 285. The Court does not alter its previous finding that there was no evidence of bad faith or litigation misconduct. . . . However, contrary to [defendant's] argument, *Octane Fitness* makes clear that these findings are not required for an award of fees under § 285. Rather, employing the more flexible approach embraced by the Supreme Court, the Court finds that this case 'stands out from others with respect to the substantive strength of [defendant's] position.'" The district court further explained that "[t]his is not to say that [defendant's] decisions to file infringement counterclaims and pursue litigation were necessarily objectively baseless. . . . The Court, however, finds that this case is uncommon based on the absence of evidence supporting [defendant's] theories of infringement at summary judgment. . . . Despite ample time to obtain evidence supporting its theories of infringement, the only evidence [defendant] submitted to support its claims were excerpts from websites purportedly explaining the effects of stress on different materials." Accordingly, this case illustrates an instance where a court applied a different standard under *Octane Fitness* for an award of attorney's fees under 35 U.S.C. § 285.

Medtrica Solutions Ltd. v. Cygnus Medical LLC, 2-12-cv-00538 (WAWD July 10, 2014, Order) (Lasnik, J).

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PATENT TRIAL AND APPEAL BOARD

PTAB Grants Additional Discovery Relating to Prosecution History in an IPR Proceedings

A panel of the Patent Trial and Appeal Board has granted a patent owner's motion for additional discovery relating to the prosecution history of an abandoned patent application assigned to the petitioner. In seeking additional discovery, patent owner, CBOE, argued that that during prosecution of one of petitioner ISE's prior patent applications, ISE had made statements about a prior art reference that it had asserted against CBOE's patent in

the IPR proceeding. CBOE believed that ISE's prior prosecution statements were inconsistent with its IPR positions. CBOE sought to obtain the file history from the USPTO. Evaluating CBOE's request under the factors set forth in its *Garmin* decision, the Board agreed that additional discovery was necessary in the interest of justice. The Board found CBOE's request to be narrow, easily understandable, not unduly burdensome, and that it demonstrated more than a mere possibility of uncovering something useful. *Garmin* requires the party requesting discovery to present evidence tending to show beyond speculation that in fact something useful will be uncovered. Further, the Board noted, ISO's prior patent application was not published, and CBOE could not easily obtain the file history of that application. Nor was the discovery related to ISE's litigation positions or the underlying basis for such positions—another factor under *Garmin*. The Board therefore granted CBOE's motion for the additional discovery.

Since deciding *Garmin* last year, the Board has rarely granted requests for additional discovery. The handful of successful requests have related to limited discovery as to the real parties-in-interest, undisclosed experts, and lab notebooks relating to invalidating prior art. Other requests, including those for additional discovery on issues of secondary considerations, have thus far been denied.

International Securities Exchange, LLC v. Chicago Board Options Exchange, Inc., IPR2014-00097 (PTAB July 14, 2014).

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