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IP Newsflash

09.5.14

FEDERAL CIRCUIT CASES

Federal Circuit Remands for Reconsideration of $6.6 Million Attorney Fees Award

On September 4, 2014, the Federal Circuit remanded a case to the district court to reconsider an attorney fees award in light of the Supreme Court's recent decisions in *Octane Fitness LLC v. Icon Health & Fitness Inc.* and *Highmark Inc. v. Allcare Health Management System Inc.* Checkpoint Systems, Inc. sued All-Tag Security S.A. in the Eastern District of Pennsylvania, alleging infringement of U.S. Patent Number 4,876,555, covering security tag products. After a jury found that Checkpoint's patent claims are invalid, the district court awarded $6.6 million in attorney fees to All-Tag. The district court found that Checkpoint's case was exceptional because the company's expert witness did not inspect the tags it accused of infringement. The Federal Circuit rejected that argument. On appeal, the Supreme Court vacated the Federal Circuit's decision in light of the *Octane Fitness* and *Highmark* decisions, which lowered the burden for proving a case exceptional and changed the standard of review on appeal. On remand from the Supreme Court, the Federal Circuit asked the district court to reconsider the award in view of the less stringent standard for awarding attorney fees.

Checkpoint Systems Inc. v. All-Tag Security S.A., No. 2012-1085 (Fed. Cir., September 5, 2014).

- *Author:* Emily Johnson

Amazon Not Vicariously Liable For Associates' Copyright Infringement

Last week, the Ninth Circuit affirmed the dismissal of a copyright infringement suit against Amazon because Amazon had no control over the actual infringer's conduct. In *Routt v. Amazon.com, Inc.*, Routt filed suit against Amazon alleging, *inter alia*, that certain Amazon associates used her copyrighted photographs without permission and that Amazon should be held vicariously liable for the associates' conduct because Amazon had a right to monitor its associates' websites and terminate the account of any associate who infringed on another's copyright. The Ninth Circuit refused to hold Amazon vicariously liable because Routt failed to allege anything suggesting that an infringing associate could not continue infringing Routt's copyrighted images even after Amazon terminated the relationship. In other words, unless Amazon had the ability to put an immediate end to the associate's infringement, it could not be held vicariously liable for the associate's conduct.

Routt v. Amazon.com, Inc., No. 13-35237 (9th Cir. Aug. 29, 2014).

- *Author:* Tessa Judge

DISTRICT COURT CASES

Failure to Notify Examiner of Claim Construction Ruling During Reexamination Is Sufficient to State a Plausible Claim For Relief on a Claim of Inequitable Conduct

Judge Stark in the District of Delaware granted defendant's motion to amend its pleadings to include a defense and counterclaim for inequitable conduct based on the patentee's conduct during an ex parte reexamination. The court found that the defendant had state a plausible claim for relief because plaintiff failed to inform the PTO that its interpretation of the asserted claims was exactly what the court had already rejected. The court found that, "[r]egardless of whether a patentee in all cases has an obligation to disclose a District Court's adoption of an unobjected-to recommended claim construction, or whether a patentee has an obligation to explain the impact of a court's claim construction on arguments the patentee has made to the examiner, under the facts alleged here it is plausible to believe that [plaintiff] intentionally decided not to make these disclosures because [plaintiff] intended to deceive the examiner into believing she was applying the court's claim construction, when [plaintiff] knew she was not, and when [plaintiff] feared application of the court's claim construction could lead the examiner to invalidate its claims." *Masimo Corp. v. Philips Elec. N. Am. Corp.,* No. 1:09-cv-0080-LPS, Dkt. No. 854 (D. Del. Sept. 2, 2014). Although defendant has not yet proven inequitable conduct, it certainly met its burden to state a plausible claim for relief.

Masimo Corp. v. Philips Elec. N. Am. Corp., No. 1:09-cv-0080-LPS, Dkt. No. 854 (D. Del. Sept. 2, 2014).

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