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IP Newsflash



10.3.14

FEDERAL CIRCUIT CASES

Federal Circuit Affirms Inequitable Conduct Based On “Intentionally Selective” Disclosure

On September 26, 2014, a divided Federal Circuit panel affirmed the unenforceability of three American Calcar patents, reasoning that Calcar's founder Michael Obradovich engaged in inequitable conduct by selectively withholding from the PTO certain aspects of a prior art system. Calcar was in the business of publishing “Quick Tips” guides for cars, and the patents relate to using a car's multimedia system to control vehicle functions (climate control, audio, mirrors, and the like). While developing a “Quick Tips” guide for the 1996 Acura RL, Calcar employees photographed the car's navigation system and owner's manual. The Calcar patent applications that followed disclosed the 96RL's navigation system as prior art, but Mr. Obradovich did not provide the PTO with the photographs or owner's manual.

The patents issued, and Calcar sued Honda for infringement. A jury found the patents non-obvious and returned an advisory verdict that there was no inequitable conduct. The district court (U.S. District Court for the Southern District of California, Judge Dana M. Sabraw) disagreed and granted Honda's inequitable conduct motion.

The Federal Circuit affirmed, determining that both prongs of the *Therasense* inequitable conduct standard—materiality and intent—had been established. As to materiality, the court noted that prior art is material if it would have blocked patent issuance under the PTO's preponderance of the evidence standard, giving claims their broadest reasonable construction—even though inequitable conduct must be proved by clear and convincing evidence. Because the jury's non-obviousness verdict was based on a different evidentiary standard, the court gave the verdict no weight in its inequitable conduct analysis. The court concluded that the “undisclosed operational details” of the 96RL's navigation system were material to patentability. As to intent, the court reasoned that Mr. Obradovich's disclosure of the prior art navigation system in his patent applications was not enough—he should have disclosed the photographs and owner's manual as well: “Partial disclosure of material information about the prior art to the PTO cannot absolve a patentee of intent if the disclosure is intentionally selective.” The court discounted the jury's non-binding no-inequitable-conduct verdict, noting that the district court reviewed “evidence that the jury did not see.”

Judge Newman dissented, faulting the panel majority's determinations on both materiality and intent. On materiality, Judge Newman stressed that the photographs and owner's manual were provided to the PTO on reexamination, and the PTO confirmed patentability over this additional information. Therefore, the information was, in fact, not material to patentability. On intent, Judge Newman disagreed with her “colleagues' reliance on unsupported speculation outside of the record”—i.e., the evidence provided by Honda after trial—to “ignore the jury verdict.”

American Calcar, Inc. v. American Honda Motor Co., 2013-1061 (Fed. Cir. Sept. 26, 2014) (Prost (author), Newman (dissenting), and Wallach).

- Author: [Wesley D. Markham](#)

DISTRICT COURT CASES

Inventor Testimony on Infringement Excluded Because of Lack of Expertise and Unreliability

On September 24, 2014, a court in the Southern District of New York struck portions of an inventor's expert report, finding that the inventor was not qualified to offer expert testimony on the infringement of his own patent and that his opinions were unreliable. The claims of the patent-in-suit relate to a patient-to-physician Internet messaging system. The plaintiff, 523 IP LLC, alleges that CureMD's “Patient Portal” software infringes the claimed messaging system. To support its infringement claims, the plaintiff sought to rely on expert testimony from the inventor of the patent-in-suit, Joseph Sameh. The defendant filed a motion to strike portions of Sameh's report addressing literal infringement, and the court granted the motion in part. First, U.S. District Judge Katherine Polk Failla considered if Sameh was qualified under Federal Rule of Evidence 702 to offer an opinion on infringement. Judge Failla found that, although Sameh invented the patent and had expertise in doctor-patient communications, he was not qualified to testify as an expert regarding the computer or software engineering aspects of CureMD's software. Judge Failla observed that, “[j]ust because Sameh came up with the idea for an apparatus that performs the actions outlined in the '523 Patent does not automatically make him an expert in the technologies available to effectuate that apparatus.” The court, therefore, struck all portions of Sameh's report relating to areas outside of his expertise.

Next, the court considered the substance of Sameh's opinions on infringement and found them to be “conclusory, irrelevant, and unreliable.” According to Judge Failla, Sameh's opinions comprised either “irrelevant advocacy”

about the legal issue of claim construction, or assertions “so conclusory and obvious as to be unhelpful to the trier of fact.” As an example, Judge Failla characterized a portion of Sameh’s report as stating simply that “a form is a form.” Citing *Arthur A. Collins, Inc. v. N. Telecom Ltd.*, 216 F.3d 1042 (Fed. Cir. 2000), Judge Failla concluded that Sameh’s unsupported infringement opinions were irrelevant to the issue of patent infringement and struck those portions of his report.

523 *IP LLC v. CureMD.Com*, 1-11-cv-09697 (S.D.N.Y. September 24, 2014) (Failla, J.)

- Author: [Dan Moffett](#)

PATENT TRIAL AND APPEAL BOARD

PTAB Denies Institution of *Inter Partes* Review as Untimely After Denying Motion for Joinder

On September 29, 2014, the Patent Trial and Appeal Board (PTAB) denied Microsoft Corporation’s joinder motion and its later-filed petition for *inter partes* review because the petition was filed outside the one-year-statutory period of 35 U.S.C. § 315(b).

Microsoft filed a petition for inter partes review of U.S. Patent No. 6,151,604 (IPR2013-00562) within one year of being served with the complaint in *Enfish LLC v. Microsoft Corporation*, No. 2:12-cv-7360 (C.D. Cal.). The PTAB instituted review (Paper No. 15). Microsoft filed a second petition for *inter partes* review of the same patent (IPR2014-00574) nineteen months after service of the complaint. Normally, a petition filed more than one year after service of a complaint for patent infringement is barred by 35 U.S.C. § 315(b): “An *inter partes* review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent.” But Microsoft included a motion to join the second petition with the first petition in an attempt to circumvent the one-year bar under 35 U.S.C. § 315(b): “The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).”

Enfish opposed the motion for joinder, arguing that Microsoft cannot circumvent the one-year bar by joining the same party to its first petition. Instead, the joinder provision is “clearly directed towards the joining of additional (or different) parties, and not the joining of multiple proceedings involving the exact same parties.” And, to the extent the statute allows for joining the same party, the PTAB should use its discretion to deny Microsoft’s motion.

The PTAB did not address the question of whether the same party can avoid the one-year bar by joining itself to a petition filed within one year of service of a complaint for patent infringement. Instead, it exercised its discretion, finding that “Microsoft has not convinced us that joining this Petition with the previously instituted trials would ‘secure a just, speedy, and inexpensive resolution’” as is required by 37 C.F.R. § 42.1(b). And, as a result, the PTAB found that the second petition was not timely filed.

Microsoft Corporation v. Enfish, LLC, PTAB Case No. IPR2014-00574.

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Petitioner Not Allowed To Use Joinder To Add New Issues To Instituted *Inter Partes* Review

In two separate decisions, the Patent Trial and Appeal Board (the board) denied Target’s motion for joinder by a 3-2 vote and, denied institution of the inter partes review as being time-barred.

Joinder

Target previously had petitioned for inter partes review of the ‘563 patent. Target later filed another petition for the same patent and simultaneously moved to join the new proceeding with the already instituted IPR.

The board began by reviewing the joinder statute, which allows any person who properly files a petition to join an inter partes review, subject to the director’s discretion. The board interpreted the statute narrowly, finding that it only allows the joining of a person and not new issues in another petition. Because Target already was a party to the IPR proceeding, it could not be joined to that proceeding.

The dissent argued that the majority’s interpretation of 35 U.S.C. § 315(c) was nonsensical since the statute also require the joining party to file its own petition. The dissent also relied on the board’s prior rulings that consistently have allowed joinder of additional grounds by the same party. After presenting its own statutory construction analysis, the dissent determined that joinder of additional grounds by the same party is permissible.

Timeliness

The patent owner had served its patent infringement lawsuit on Target on October 4, 2012. Target filed the subject petition on March 14, 2014, more than one year after the Complaint. Under 35 U.S.C. § 315(c), the one year time bar does not apply to a person’s request to “join as a party to [a previously instituted] inter partes review.” Although Target moved for joinder, the board found that while the time bar does not apply to the party, it does apply to the petition. The dissent disagreed with the majority’s reading of the statute, believing that if joinder appropriate, the time bar would not apply.

Target Corp. v. Destination Maternity Corp., IPR2014-00508, Paper No. 18 (PTAB Sept. 25, 2014); *Target Corp. v. Destination Maternity Corp.*, IPR2014-00508, Paper No. 20 (PTAB Sept. 25, 2014).

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