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IP Newsflash



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DISTRICT COURT CASES

Patents to a “Specific Technological Process” Fall on the Pleadings as Abstract Ideas

On September 22, 2014, Judge George H. Wu (C.D. Cal.) ruled on the pleadings that two Planet Blue patents relating to “the idea of automated rules-based use of morph targets and delta sets for lip-synchronized three-dimensional animation” claim an unpatentable abstract idea. Judge Wu analogized the abstract idea exception “invented or discovered” by the Supreme Court to the standard for obscenity famously articulated by Justice Potter Stewart: “I know it when I see it.” Citing the Supreme Court’s recent decisions in *Mayo* and *Alice*, Judge Wu explained that “the question in the abstract idea context is whether there are other ways to use the abstract idea in the same field. If so, the Supreme Court has expressly encouraged others to find those other ways, without being held back by patents that preempt the whole concept.”

Although Judge Wu found defendants’ characterization of Planet Blue’s patents to be over-broad—expressly stating that the “claims do not seem directed to an abstract idea. They are tangible, each covering an approach to automated three-dimensional computer animation, which is a specific technological process”—he found the claims invalid under Section 101 anyway. In doing so, Judge Wu stressed that claims must be evaluated in view of the prior art. Here, the discussion of the prior art in Planet Blue’s patents revealed that many of the “tangible” aspects of the claimed invention were already known. When these conventional elements are removed from the claims, what remains is “an abstract idea at the point of novelty,” which the court found impermissible. Judge Wu observed that “[a]n abstract idea is the extreme case of functional language.” The fact that one of the defendants had characterized Planet Blue’s system as “revolutionary” did not change the abstract idea analysis, as “the revolutionary nature of an abstract idea does not weigh in favor of patentability.”

This decision is noteworthy because of the court’s reliance on the admitted prior art to invalidate the patents under Section 101 may discourage patent applicants from discussing the prior art at all. That is in tension with the spirit of full disclosure in patent applications, embodied for example in the PTO’s Manual of Patent Examining Procedure: “Where applicable, the problems involved in the prior art or other information disclosed which are solved by the applicant’s invention should be indicated.” Judge Wu’s opinion flags this new “incentive for patent applicants to say as little as possible about the prior art.”

McRO, Inc. v. Activision Blizzard, Inc., No. 14-cv-336-GW(FFMx), 2014 WL 4759953 (C.D. Cal. Sept. 22, 2014) (Judge George H. Wu).

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

Jury May Hear Evidence of Subjective Willfulness Before Court Rules On Objectiveness Prong

Defendants, through a motion in limine, sought to preclude plaintiffs from introducing any evidence tending to show subjective willfulness unless and until the court ruled on the reasonableness of their invalidity defense, which is the objective prong of the Seagate willfulness test. Although the plaintiffs agreed that the jury should find liability before considering willfulness, the plaintiffs argued that: (1) the patentee should not be barred from presenting evidence bearing on willfulness that may overlap with liability issues; and (2) the court may consider the objective prong of the willfulness test before, during or after the jury decides the subjective prong.

The court agreed with plaintiffs on both points. The court first noted that some of the “willfulness” evidence (copying of plaintiff’s inventions and commercial success) may be relevant to defendant’s obviousness defenses. As for the plaintiff’s second point, the court acknowledged that some district courts have suggested that it is improper to submit the willfulness question to the jury unless and until the court first decides whether plaintiffs have met their burden on the objective prong. Even so, the court noted that this rule has not been imposed by the Federal Circuit. According to Judge Crabb, such a rule would unnecessarily burden the court by requiring the jury trial to be put on hold while the court considered the objective prong.

Ultratec, Inc. v. Sorenson Communications, Inc., 3-13-cv-00346 (W.D. Wis. Oct. 3 2014) (Crabb, J.).

- Author: [Cassie Garza Matheson](#)

PATENT TRIAL AND APPEAL BOARD

PTAB Determines that “Weak” Evidence of Secondary Considerations Does Not Overcome Strong Obviousness Showing

In a final written decision issued on October 2, 2014, the Patent Trial and Appeal Board held that all challenged

claims of a patent relating to the use of wear-reducing polymer liners in oil field production equipment were unpatentable. Petitioner, Moore Rod & Pipe, LLC, asserted that 20 claims of the patent-at-issue were unpatentable under 35 U.S.C. § 103(a) as obvious. The prior art at issue included "admitted prior art," which was described and illustrated in the patent. After analyzing the prior art and considering the patent owner's argument that a person of ordinary skill in the art would not have been motivated to combine the references, the PTAB concluded that the Petitioner had provided "strong evidence of obviousness."

The PTAB then considered the patent owner's evidence of secondary considerations of non-obviousness and concluded that it was "weak." First the PTAB considered the patent owner's allegation of long felt need. In conducting this analysis, the PTAB applied the patent owner's own relative definition of "need," which was simply "to more effectively reduce wear." The PTAB determined that the patent owner did not provide "credible evidence" that the prior art failed to meet the alleged "need," as defined by the patent owner. Next the PTAB considered the alleged failure of others, and determined that the patent owner presented insufficient evidence. In particular, the PTAB faulted the patent owner for not submitting evidence that another company attempted to produce equipment that would infringe any of the independent claims, or that another company tried and failed to produce such equipment. The PTAB then considered the patent owner's allegation that the claimed invention had achieved commercial success, and concluded that the patent owner had failed to establish the necessary nexus. The PTAB characterized the patent owner's evidence of a nexus—that consumers buy certain products from the exclusive licensee—as demonstrating commercial success, but not a nexus. The PTAB stated that "[i]f all that was necessary to prove a nexus was to show that customers bought more of the identified product than other products, a nexus would exist for every product that exhibits success in the marketplace." Finally, the PTAB concluded that the patent owner lacked sufficient evidence for its allegation that copying evidenced non-obviousness. According to the PTAB, the only evidence of copying was testimony of the patent owner's declarant asserting that the petitioner's product embodies the claims of the patent. The PTAB stated that it "do[es] not determine infringement in *inter partes* review," and concluded that the evidence was insufficient to show copying.

After weighing the evidence, the PTAB concluded that the patent owner's "weak" evidence of secondary considerations did not overcome the petitioner's "strong" evidence of obviousness. The PTAB, therefore, found that all of the challenged claims were unpatentable.

The patent-at-issue was also asserted against the petitioner in *Western Falcon, Inc. v. Moore Rod & Pipe, LLC*, 4:13-cv-02963, in the District Court for the Southern District of Texas.

Moore Rod & Pipe, LLC v. Wagon Trail Ventures, Inc., Case IPR2013-00418 (PTAB Oct. 2, 2014).

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INTERNATIONAL TRADE COMMISSION

Electronic Data Transmissions Are "Imported Articles" Under Section 337

In Investigation No. 337-TA-833, the United States International Trade Commission (the ITC) recently affirmed former ALJ Robert Rogers' initial determination that "digital datasets" electronically transmitted into the United States were "imported articles" under Section 337(a)(1)(B).

The complainant, Align Technology, Inc., asserted seven patents directed to creating digital models of a person's teeth for dental correction. A U.S.-based respondent, ClearCorrect Operating, LLC (CCUS), transmitted images of a patient's teeth to a foreign respondent, ClearCorrect Pakistan, Ltd. (CCPK). CCPK then created digital models of corrective braces for orthodontic treatment of the patient. Next, CCPK uploaded these models back to CCUS's computers in the United States, where CCUS manufactured the braces for the patient. In the Initial Determination, ALJ Rogers found that the uploading of the digital models from Pakistan to computers within the U.S. constituted the importation into the United States of articles that infringed the asserted patents, thereby violating Section 337.

The ITC considered whether the data transmission of these models into the U.S. was an "importation" of an "article" under Section 337(a)(1)(B). First, the Commission looked to the statutory language, which did not expressly define an "article." However, the Commission noted that its previous decisions had refused to limit the term "article" (e.g., to "articles of foreign manufacture") and determined that the statutory language did not restrict the scope of the "article" in any way. Next, the Commission looked to previous decisions of the United States Court of Appeals for the Federal Circuit and its predecessor court, which held that Section 337 should be broadly interpreted to prohibit unfair methods of competition in importation. Additionally, the Commission reasoned that the legislative history intended the statute to be flexible enough to prevent every form of unfair practice. Finally, the Commission looked at U.S. Customs and Border Protection and Department of Labor policies, which held that software was to be considered an "article" and the transmission of software into the U.S. constituted an "importation."

In view of the foregoing, the Commission held that the intended meaning of "article" broadly covered any item bought and sold in commerce and imported into the U.S., regardless of the manner of importation. Accordingly, it affirmed the ALJ's determination that "digital datasets" electronically transmitted into the United States were "imported articles" under Section 337(a)(1)(B). This decision may expand the scope of articles over which the ITC has jurisdiction to include electronically transmitted articles that may not enter the United States through Customs and Border Protection.

On June 5, 2014, the respondents filed a notice of appeal of the final determination of the Commission. The opening brief was filed under seal on October 9, 2014.

Certain Digital Models, Digital Data, and Treatment Plans, Inv. No. 337-TA-833, (USITC Apr. 10, 2014) (Commission Opinion).

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