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IP Newsflash



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FEDERAL CIRCUIT CASES

E.D. VA Invalidates the Claims of Four Patents, Finds Alleged Novelty of Ideas Irrelevant to § 101 Analysis

On October 24th, 2014, Judge Brinkema of the Federal District Court for the Eastern District of Virginia joined the ranks of a growing number of district court judges that have held patent claims invalid under 35 U.S.C. § 101 and the Supreme Court's new ruling in *Alice Corp. Pty. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2350, 189 L. Ed. 2d 296 (2014). The claims of the four patents at issue were generally directed to solving an accounting and billing problem faced by network service providers. Specifically, the claims were directed to a system which facilitated collection of a customer's network usage records and transformed them into a format suitable for accounting and billing. Interestingly, before performing her analysis, Judge Brinkema likened the *Alice* "two step test" to Justice Stewart's famous test for obscenity—"I know it when I see it." Judge Brinkema then explained that her analysis was guided by the policy concerns regarding preemption that underlie Section 101 jurisprudence and a comparison to claims that were previously invalidated for being directed "organizing human activity."

The court went on to find that the asserted claims for each of the four patents failed step one of the *Alice* analysis as they were directed to four different abstract ideas related the same system, namely, "correlating two network accounting records to enhance the first record;" "using a database to compile and report on network usage information;" "generat[ing] a single record reflecting multiple services;" and "reporting on the collection of network usage information from a plurality of network devices." The court additionally found that none of the asserted claims added anything more to these "abstract ideas" than generic computer hardware, so they also failed *Alice*'s step two. Notably, the court declined to consider whether or not the process as a whole was novel in making the determination. "A person may have invented an entirely new and useful advance, but if the patent claims sweep too broadly, or only claim the idea that was achieved rather than implementation of the idea, then § 101 directs that the patent is invalid." Thus, even if the idea(s) that grounded the claimed systems and methods were novel, the claims were too broad and claimed too much to be considered patent eligible.

Amdocs (Israel) Ltd. v. Openet Telecom, Inc., No. 1:10CV910 LMB/TRJ, 2014 WL 5430956 (E.D. Va. Oct. 24, 2014) (Judge Leonie M. Brinkema).

- Author: [Patrick Reidy](#)

Federal Circuit Vacates Summary Judgment of Non-Infringement Where Supplementation of the Infringement Contentions Should Have Been Allowed

On October 20, 2014, the Federal Circuit vacated an order granting summary judgment of non-infringement in favor of Pfizer where the Southern District of California found that the preliminary infringement contentions were deficient and because the plaintiff, AntiCancer, objected to a fee-shifting sanction imposed as a condition of supplementing those contentions. The patents related to the imaging of gene expression used in cancer control and treatment.

While at the district court, the court issued a docket control order that called for AntiCancer to submit its preliminary infringement contentions just five days after it amended its complaint to add patent infringement allegations. AntiCancer complied with the docket control order and filed its preliminary infringement contentions based off the scientific publications of Pfizer and another defendant. Four months later (but nine months before the close of fact discovery), Pfizer filed a motion for summary judgment of non-infringement stating that the preliminary infringement contentions were deficient. The district court agreed as to three claim elements, and it authorized AntiCancer to supplement its contentions but only if AntiCancer paid Pfizer's attorneys' fees and costs related to the summary judgment motion. AntiCancer objected to the fees/costs condition, and the district court entered summary judgment.

On appeal, AntiCancer argued that the fee-shifting condition amounted to an improper sanction under 9th Circuit precedent, and that summary judgment on that condition was improper. AntiCancer argued that its "infringement theories were as crystallized as they could be" before AntiCancer could "possibly have taken any discovery to support its infringement claims and to learn the actual details of the defendants' internal research activities." Further, they argued the local patent rules contemplate that discovery will follow after the contentions are served, so complete proof infringement is not required in the preliminary contentions.

In vacating the district court's order, the Federal Circuit appears to have relied on 9th Circuit law to determine whether the sanction was appropriate, as opposed to making a sweeping decision regarding the sufficiency of infringement contentions. Indeed, the Federal Circuit agreed that the district court could have properly required additional specificity in the infringement contentions, but found no showing of bad faith on the part of AntiCancer. Therefore, the Federal Circuit found that fee-shifting sanction conditioned on AntiCancer's supplementation could not be sustained.

AntiCancer, Inc. v Pfizer, Inc., 2013-1056 (Fed. Cir. October 20, 2014).

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When Does a “Sale” or “Offer to Sell” Take Place in the United States?

The Federal Circuit recently reviewed what it means to “sell” or “offer to sell” a product in the United States. In *Halo Elec., Inc. v. Pulse Elec., Inc.*, the Federal Circuit affirmed the district court’s grant of summary judgment that the accused infringer, Pulse, did not sell or offer to sell the allegedly infringing goods in the United States, when such goods were manufactured, shipped, and delivered outside the United States. First, the court addressed what constitutes a “sale” in the United States under 35 U.S.C. 271(a). It analyzed and balanced the activities underlying the sales transaction and found that although Pulse performed pricing and contract negotiations in the United States, all other sales activities (i.e., final formation of the contract for sale, and delivery and performance under the sales contract) occurred entirely outside the United States. Under this set of facts, the court concluded that a sale had not taken place in the United States.

Second, the court addressed whether Pulse offered to sell within the United States the accused products that were manufactured, shipped, and delivered abroad. The court reviewed prior case law holding that “the location of the contemplated sale controls whether there is an offer to sell within the United States,” adding that “for an offer to sell to constitute infringement, the offer must be to sell a patented invention within the United States.” Here, since the location of the contemplated sales was outside the United States, there was no infringement.

Halo Elec., Inc. v. Pulse Elec., Inc., 2013-1472, -1656 (Fed. Cir. Oct. 22, 2014) [Lourie (opinion), O’Malley (concurring), Hughes (concurring)].

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DISTRICT COURT CASES

Adobe Defeats Allegations of Claim Splitting in Second Suit Against Wowza

On October 27, 2014, Judge Tigar in the Northern District of California denied Wowza’s motion to dismiss infringement allegations in a second lawsuit brought against it by Adobe. Wowza argued that allegations of infringement of two patents were an attempt to re-litigate the court’s order striking those same infringement theories from Adobe’s expert report in the prior litigation. Adobe argued that the court’s order merely limited the scope of that first litigation, but did not bar Adobe from bringing other infringement actions against Wowza.

In the first litigation (*Wowza I*), the court struck an infringement theory in Adobe’s expert report related to an “RTMP Enhanced handshake” because that theory was not included in Adobe’s infringement contentions. The court also struck opinions related to Wowza’s products with a version number 3.1 or later, because Adobe’s infringement contentions only identified versions 3.0 or earlier. But version 3.1 and later products were released after the deadline for the final infringement contentions, and in the second litigation (*Wowza II*), Adobe alleged infringement only for version 3.1 and later products employing the RTMP Enhanced handshake.

In denying Wowza’s motion to dismiss allegations related to the previously stricken RTMP Enhanced handshake, the court found that Adobe did not have notice of Wowza’s use of the RTMP Enhanced handshake at the time final infringement contentions were served in *Wowza I*. Further, the court found that the RTMP Enhanced handshake was not “essentially the same” as the previously accused RTMPe handshake—so Wowza’s argument regarding claim splitting failed. Therefore, there was no reason to exclude that theory from *Wowza II*. Further, because all the allegations in *Wowza II* related to products that were released after the submission of the *Wowza I* infringement contentions, barring Adobe from bringing a subsequent litigation would “punish them for failing to see into the future.”

Adobe Systems Inc. v Wowza Media Systems, LLC, 3:14-cv-02778 (N.D. Cal. Oct. 27, 2014) (Tigar, J.).

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