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Akin Gump
STRAUSS HAUER & FELD LLP

IP Newsflash

01.23.15

FEDERAL CIRCUIT CASES

Akin Gump Wins Summary Judgment of Non-Infringement

Akin Gump obtained a significant victory on summary judgment for HTC and AT&T in a patent infringement case against Adaptix, Inc., an Acacia Research Corp. subsidiary. In an order issued on January 20, 2015, Magistrate Judge Grewal of the Northern District of California ruled that Defendants HTC, AT&T, Verizon and Apple do not directly infringe any of Adaptix's asserted claims, disposing of all claims against the defendants.

The defendants argued on summary judgment that it was established case law they could not directly infringe the asserted method claims through the mere sale of the accused smartphones and tablets. See *Ricoh Co., Ltd. v. Quanta Computer Inc*., 550 F.3d 1325 (Fed. Cir. 2008); *Joy Techs., Inc. v. Flakt, Inc*., 6 F.3d 770 (Fed. Cir. 1993). It was undisputed that the accused technology was pre-programmed into the devices by a third party, and the defendants argued that they did not perform any of the steps of the asserted method claims. Adaptix argued that the Federal Circuit's decision in *SiRF Technology, Inc. v ITC*, 601 F.3d 1319 (Fed. Cir. 2010) holds that a party can be liable for direct infringement when they provide a device that is programmed to automatically perform the method at issue.

The District of California court rejected Adaptix's argument that the defendants can be liable for direct infringement under a SiRF-type analysis, relying on the recently issued Federal Circuit decision in *Ericsson, Inc. v. D-Link Systems, Inc*., 2014 WL 6804861, at *15 (Fed. Cir. Dec. 4, 2014). As the court explained, in *SiRF*, the defendant was an "end-to-end" provider of GPS services, who designed, programmed, and sold chips that were incorporated into end-user GPS devices. In that case, every step of the asserted method claims was performed by SiRF using its own servers, except for the final step, which was automatically performed by using SiRF's own pre-programmed GPS chip incorporated into the end-user device. On these facts, the Federal Circuit held that SiRF was liable for direct infringement of the asserted method claims.

The court found, however, that the defendants do not program the accused functionality and do not perform or control any step of the asserted method claims, so there can be no direct infringement. And because of a previous order denying Adaptix's request to add indirect infringement claims, the court's summary judgment order disposes of all infringement claims against the defendants.

Adaptix, Inc. v. AT&T Mobility LLC, et al., C.A. 5:13-cv-01778, Doc. No. 402 (N.D. Cal., Jan. 20, 2015).

- *Author*: Michael Reeder

DISTRICT COURT CASES

Supreme Court Clarifies that Fact Determinations Made in Claim Construction are Entitled to Deference

On January 20, 2015, the Supreme Court issued its decision in *Teva Pharm. USA, Inc. v. Sandoz, Inc.,* No. 13-854, 2015 WL 232131 (U.S. Jan. 20, 2015). The issue in *Teva* was what standard of review should the Federal Circuit apply in reviewing subsidiary factual issues decided by district courts during claim construction. The Supreme Court began its analysis be explaining that Federal Rule of Civil Procedure 52(a)(6), which establishes the "clear error" standard of appellate review of fact findings, does not admit of exceptions, and that there is no persuasive reason for creating one for patent claim construction. The court then explained that although there is precedent from the court's decision in *Markman v. Westview Instruments, Inc.,* 517 U.S. 370 (1996) establishing that claim construction is a question of law for the judge, not the jury, this was in the context of the 7th Amendment challenge, and had no impact on the requirement of FRCP 52(a)(6).

Procedurally, the district court in this case held that the term "molecular weight" was sufficiently definite largely based on the court's credibility determination regarding the expert testimony presented. On appeal, the Federal Circuit reversed without finding that the district court's factual finding of expert credibility was made in clear error. Thus, under the new standard, the Supreme Court vacated and remanded the case.

Importantly, the Supreme Court noted that although factual underpinnings are to be given deference, the Federal Circuit may still review the district court's ultimate construction *de novo*. And in situations where the district court only considers evidence intrinsic to the patent, *i.e.,* specification, claims, and prosecution history, the decision will always be reviewed *de novo*. Accordingly, it is unclear what the practical impact the decision will have on cases moving forward.

Teva Pharm. USA, Inc. v. Sandoz, Inc., No. 13-854, 2015 WL 232131 (U.S. Jan. 20, 2015).

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PATENT TRIAL AND APPEAL BOARD

Substitute Claims in *Inter Partes* Review Rejected Under 35 U.S.C. § 101

In an *inter partes* review, the Patent Trial and Appeal Board (PTAB) rejected a patent owner's proposed substitute patent claims because the patent owner did not meet its burden in demonstrating the patentability of those claims. In submitting the substitute patent claims, the patent owner was required to show by a preponderance of the evidence, that, among other things, the substitute claims were directed to patent eligible subject matter under 35 U.S.C. § 101. The substitute claims at issue each involved a "software product" comprising "software" and a "software storage medium that stores the software." The PTAB found that even though the claims recited a storage medium, they were nevertheless encompassed a "transitory, propagating signal." Citing *Ex parte Mewherter*, 107 USPQ2d 1857 (PTAB May 8, 2013) (precedential) and *In re Nuijten*, 500 F.3d 1346, 1357 (Fed. Cir. 2007), the PTAB held that because the claims encompassed a transitory signal, they were not directed toward patent eligible subject matter. The fact that non-transitory signals were also encompassed by the claims did not save them from rejection.

Riverbed Tech, Inc. v. Silver Peak Sys., Inc., IPR2013-00402 (PTAB Dec. 30, 2014) [Pothier, Arbes (opinion), Jung].

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